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# West Europe Report

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19 September 1984

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## EFFORTS TO LIMIT EXPORTS OF MATERIALS FOR CHEMICAL WARFARE

Zurich DIE WELTWOCHEN in German 16 Aug 84 p.11

/Article by Max Leutenegger: "As Full of Holes as Swiss Cheese"

/Text/ Ban on exports? More and more frequently, Iran and Iraq are accusing each other of seeking to resolve the Gulf War through the use of chemical weapons. At the same time, there is also renewed discussion in Switzerland about whether or not an embargo could prevent the export of basic chemical substances to the warring nations.

"We request that you be extremely careful in selling these substances." The tenor of the circular that the Swiss Society for Chemical Industry (SGCI) sent out to its 200 or so members firms in late July was not dramatic. All the more momentous was the substance of the summer mailout. It involved those five chemical substances that interested parties can develop a couple of stages further without all that much know-how and use as chemical agents.

The list of direct precursors of poison gas, for example, includes methane-phosphonic acid-dichloride, methane-phosphonic acid-difluoride, methane-phosphoric acid-0.0-dimethylester, thiodiglycol and phosphorus-oxidchloride. Substances, then, that are used for agrochemicals, in the production of paints and in the manufacture of tires. Michael Gut from SGCI also emphasizes the "prophylactic character of the circular." Nobody wanted to talk of the devil for he might appear. But since the United States, the EEC and Japan have also taken first precautions to block exports of the named products or export embargos have been imposed, and, on the other hand, the Bern administration is studying the problems involved, the SGCI has decided on voluntary self-censorship for the time being. For the chemical industry is already taking its knocks for all too many things.

"We recognize the problem, but we are not acting on our own. The most varied points of view play a part. We cannot rush the problem." Minister Herbert von Arx, responsible for questions of nuclear armament and disarmament in the Swiss Department for Foreign Affairs, is coordinating the official advance statements. The Military Department is involved (export of war material), as is the Federal Office for Foreign Economy. As in many other areas, Bern is not officially supporting anything. "Every country has its own philosophy on international and constitutional law. The influences on freedom of trade must also be weighed carefully."

## Voluntarily Export Limitations as an Alibi?

No one has any illusions about the possibilities of getting around future official directives. "We know of no extraterritorial effect of our laws," emphasizes Von Arx. He himself is convinced of the upright behavior of our industry, but he is also realistic enough to say: "Black sheep always find a way." Thus, there are already loud voices that dismiss the voluntary self-consensorship of the Swiss industry as well as the preliminary work of the government as "an exercise in alibis." If the will is there, fanatical warriors would have access to the desired chemical substances from Switzerland any time.

What is conspicuous is the secretiveness in the various agency offices. One makes it clear that he knows a lot but does not let the cat out of the bag. "We have a specific case where the person involved decided against exporting these chemical substances into the Middle-East combat area because of our demarche," discloses Michael Gut. To be sure, the speaker does not see himself in a position to name names and details. Whoever is involved in such deals, even on the fringe, avoids publicity. One can also assume that it involves smaller production firms, but mainly commercial firms, that want to guarantee their butter in trade with Iran and Iraq.

The large Basel chemical concerns acts detached and calm. For once, Roche, used to journalistic ups and downs, sees itself as untouched by the problem. And even if they wanted to, Sandoz and Ciba-Geigy can make no statements "where meat would be on the bone" (Cigy company spokesman). It involves none of the relatively few product groups in the customary tender transactions with the named countries that could, as in the case of certain agrochemicals, be improperly applied. Whatever could be suspect will be eliminated from these packets of services and products that are customary in trade with most Third World countries.

Do commercial losses result from this attitude? The questioner encounters a compassionate smile. Swiss chemical exports amount to about 12 billion francs annually. In terms of tonnage, that is many hundreds of tightly packed railroad cars. Anything here in trade with the warring countries that could be designated as basic substances for poison gas does not even amount to a tenth of one percent. More obvious are the problems associated with evasive deals. Subsidiary companies of concerns or branches of commercial firms cannot be grasped at all. "Strictly speaking, everything is possible. One can make something from everything. And whoever wants to sell something to interested buyers cannot, in the final analysis, be stopped at all." That is what one hears both from the large firms in Basel and from the SGCI and the Federal Parliament in Zurich. "We find ourselves in a very hot area here," states Minister Von Arx. As he sees it, Swiss industry is not just trying out some combinations to cultivate its image. "In an international comparison, the ethics of our firms is exemplary."

Ethics or not, the "holy war" between Iran and Iraq is culminating in sheer terror. In mid-March, the UN secretary general sent a neutral mission into the combat area. In this connection, the Swiss member of the delegation, Col Ulrich Imobersteg, chief of the Nuclear and Chemical Protection Service, said: "We found destroyed aircraft bombs and one unexploded grenade. We took some samples, analyzed them and detected sulfurous mustard gas or mustard agent."



What we could not establish was the country of origin of the poison gas traces." The latest reports from the combat area speak of an intensification of the use of poison gas.

Observers believe that the Bern administration will move rapidly to subject the prophylactic self-control of industry to a legal liability. There is not much time remaining if one wants to avert the danger of threatening accusations. Herbert von Arx establishes the time frame: "In 2 months, it may have reached the point that the Executive Federal Council will express itself in the matter."

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CSO: 3620/409

## PVV'S VERHOFSTADT ON PARTY'S ROLE IN GOVERNMENT

Brussels LA LIBRE BELGIQUE in French 30 Jul 84 p 2

[Interview with Guy Verhofstadt, president of the PVV, the Flemish Liberal Party, by Louis Willems; date and place not specified: "'I think that Flemish liberals have a long way to go ahead of them'"]

[Text] [Question] What is your year, Mr President?

[Answer] What year?

Obviously he does not understand. It is true that I buttonholed him in his President/Director General's executive office at the party headquarters. I will be more precise: "The date of your birth?"

Mr Verhofstadt burst into laughter; the enfant terrible of the Flemish Liberal Party (PVV), reacts quickly: "Oh, I see...1953, yes, March, 1953." Then, after reflecting for a moment:

In Flemish I would say that my sign is the Ram. You call it Aries. I think. This explains a lot of things. Immediately after I was born, at Termonde, my father settled in Ghent. He managed the judicial section of the liberal federation. Thus I became a complete Ghentian. I am a fan of La Gantoise, I participate in Ghentian festivities.

[Question] You studied law at the University of Ghent, did you not?

[Answer] I have a law degree and I graduated in 1975. I registered as a lawyer in Ghent and I quickly threw myself into politics. I come from an old liberal Flemish family and, during my studies, I became quite naturally the president of the Flemish Liberal Student Union (LVSU), which was established in 1930 at the University of Ghent when it became 100 percent Dutch-speaking. The Student Union, as a matter of fact, is the source, the base of liberalism in Flanders, represented today by the PVV, which became an independent party in 1972. Between 1976 and 1982, I was a city councilman in Ghent. I was elected as soon as I left the university. I was the fourteenth on a list of fourteen candidates...I also became the first deputy on the House list for the district of Ghent-Eeklo. Then, for four years, I served as political secretary to Willy De Clercq. In 1979, I became president of the PVV Youth. Those were good times....

[Question] If I remember right, that was only the beginning of your activities in support of Flemish neoliberalism, inspired by the ideas expressed by Henri Lepage, the guru of French liberalism. You also supported, and continue to support, the thesis of another leader of liberal thinking, the Austrian Von Hayek, the Nobel Prize winner for economics: "less state interventionism, more liberty."

[Answer] That is precisely it. We redefined the PVV's program in terms of greater liberal radicalism. I do not say that this was the main reason for the tremendous success in the 1982 elections, but this certainly contributed to it. During a crisis period, people expect political parties to defend very specific ideas and themes. Von Hayek does not believe that the state can change society. He thinks that society changes; people do not change. The liberalism he defends represent absolute individualism.

I often quote his statement: "The possibility of people living together in peace to their mutual benefit, without having to agree on concrete common goals, linked solely by abstract regulations of proper behavior, this is perhaps the greatest discovery made by the human race." This and other ideas have made their way into the PVV. In January of 1982, I became president of the party and in that position I participated in the formation of the Martens V team.

#### Liberalism in 1984

[Question] What exactly does liberalism in 1984 mean to you?

[Answer] This is an anti-ideology par excellence. An antidoctrine. According to what some people think about us, this looks very inconsistent, but liberalism is an attitude that does not impose on people any particular mode of thinking; it does not tell them the goal they should attain, but rather what means they can use in attaining the goals they have set for themselves. That is the sum total of its difference with other ideologies.

We do not say what kind of society we want to create, we define the framework within which people can blossom freely in order to achieve their ambitions, their aspirations. And we do this without coercion, without compulsion, without violence, but through free agreement among people. We are very aware of how disturbing such a formula can be in our society, and we understand why it is attacked from all sides.

I do see, however, an important message here: liberalism is just the opposite of an immense political and bureaucratic caste of technocrats and entrenched high officials, of dangerous black knights who have dominated society for so many years, who claim they have the knowledge of what should be done to resolve problems, who demand a free hand to create a perfect society (though they say this, they have never succeeded), a society without unemployment, without risks, with well-being for everyone, and so on and so forth...in short, state Providence. A state that knows about everything, interferes in every facet of people's social life, and regulates everything.

Liberalism does not believe in this theory; we consider, above all else, that no political caste has the moral right to act this way and to say how society should be organized. Many of today's problems derive precisely from the state's abusive intervention in the life of men and women, because this intervention destroys spontaneous forces, that is to say, human beings' inner aspirations toward improving and upgrading their condition. Look back at History a little bit. History with a capital H, read Toynbee again: all ancient civilizations, from the Sumerians to the Romans, including the Arcadians, the Egyptians, and the Greeks, perished because of the ill effects of a heavy and abusive state superstructure.

I have the impression that we are living in the same type of epoch today. Evidently, we should not be extremely pessimistic: these great civilizations had their uplift before the final fall. We can always hope that it will be the same with us. You see, "my" liberalism is not aggressive at all, it is not a doctrine!

[Question] However, you systematically take the opposite point of view in a number of areas, such as financial management of the state, public health, just to mention these two, without people knowing exactly what you really mean. For simple people this is confusing....

[Answer] I obviously ought to be consistent with myself. Having analyzed a society that falls apart, it is necessary to suggest remedies for putting it back on its feet again. I will use the communications sector, for example. The monopoly has to be taken away from the state, which literally indoctrinates people. The same holds true for state management: it handles too many things, it distributes too much money. We should stop fiscal growth, which finds its only justification in constantly increasing expenditures. The state's task should be redefined, because the private sector, that is, people like you and me, could probably do a better job in a certain number of areas, and in a more responsible manner. Even the Study Center of the Christian Social Party is presently saying this!

When I talk about improving social security, that does not mean reducing benefits, but being able to allocate them at a lower cost to the state. People constantly misinterpret my statements on this topic. This is like the game of the black knights I denounced just a moment ago. For years I have simply been asking that imagination enter into politics, that we work in a different way and bring in a little fresh air, but not to limit the beneficiaries' privileges.

#### Government Action

[Question] Your party has held governing power for two and a half years. Is it possible to estimate yet the effect of the liberal position?

[Answer] It is difficult, and I will add that two years is not a very long time for reaching hearts and changing habits. Every citizen is a little bit conservative: he would like to see the system change but he is afraid of losing what he already has. And after he has been already convinced, he demands to see the results immediately....

At this time, we have introduced our ideas only on the political stage, we have not yet truly started to work on realizing them. By the way, everywhere I hear people saying: "Yes, that is right, it ought to be changed, nothing works anymore."

The privatization of the public sector? I have been advocating this for years.

I think that Flemish liberalism and Flemish liberals have a long way to go from now on, and the results should be examined in ten or eleven years. It is obvious that not everyone accepts our ideas.

We are working, and at the same time we are aware of the fact that society consists of different interest groups, which cannot accept our ideas, even though in private they might approve of them.

For them, in fact, it is more a matter of defending what has already been acquired. For us it will be a matter of explaining what we advocate during the years to come. Not in macroeconomic, macro-fiscal, or macro-social terms, but on the ground level, the concrete level of their particular interests, so that they can influence the structures, these same exogenous structures that are nourished by the present immobility and which exercise power for its own sake.

About ten years from now, if we are to believe Aznar's "blue scenario" (I do not know why he chose blue), we will be living in a bipolar society: one part considered a little hard, production, enterprises, technologies..., and the other, which could be qualified as "soft," the family, part-time work, the quality of life. Aznar recommends perfect equilibrium between these two poles, and I think he is right.

People should be involved in microeconomics and in "soft" activities: leisure time, permanent development, children's education, and abandoning the present model: either being employed or unemployed. I think that this corresponds very broadly with people's aspirations. Neoliberalism can lead us to this equilibrium.

#### A Vacation in Rome

[Question] Can we talk about vacations? What are your plans?

[Answer] I am going to Rome. I love that city, I have already been there five times. I find the true foundations of our civilization there, not only in the museums, ruins, buildings, and magnificent squares with fountains, but also in the streets, in the small inns of the Transtevere. All of Western civilization is concentrated in this place, which has been blessed by the gods.

There is also the brightness and the color of the sky. Italian wine and cooking. When we talk about spaghetti with Bolognese sauce in Belgium, we have said about everything. But Italian cuisine is something very different. It really begins with Rome, as does all of Italy, moreover. It is a fantastic festival of tastes and pleasures in an environment that is worth traveling to in itself. However, if you want to know and appreciate all this you have to go there many times. That is exactly what I am doing, this is my Italian period.

12334

CSO: 3619/86

## CABINET RESPONSIBILITY CHANGING RURAL PARTY SELF-IMAGE

Helsinki SUOMEN KUVALEHTI in Finnish 10 Aug 84 pp 51-53

[Article by Jukka Ukkola: "Cautiousness"]

[Text] At its party congress in Turku the Finnish Rural Party confirmed that being in the government is quite pleasant, if only one remembers to behave in an appropriately dignified manner.

"Power goes to the master's head, reason then gets frozen solid. Oppressive junta beats us down. Reign of terror squeals with zeal..."

The verses of a "forgotten people's battle songs" have been stored on a record which was brought out at the Finnish Rural Party's 26th party congress in Turku.

It is good that they have been stored, if one wants to preserve them. The otherwise lively language use of the Vennamoites seems to be disappearing as the ministerial Saabs gather kilometers and the party's interests are directed at "total power decision-making for carrying out the gradual transfers of centers of gravity due to the pressures for change placed on the information society."

The effects of the first year of power of the SMP [Finnish Rural Party] were visible in the conduct of the party congress in Turku.

The party workers were as cautious as the small-scale farmer now living with his wife's parents in the big house. They have the firm notion that someone in government should behave modestly and becomingly, while still recalling old times.

They hold their tongues; the former ranting and railing have changed into praise for their own ministers.

The sluggish congress did not liven up to the point of whoops of exultation even in the elections. People did not throw their arms around each other but only held out their hand and flower respectfully. Some persons were addressed as esteemed ministers.

Somebody tried to remind the party leaders that they should respond to the music requests. Another mumbled something about Urpo Leppanen's "haughtiness," but those voices were drowned in the low murmur of approval.

Why was there this murmuring, when the party has a victory in the parliamentary elections and a year and a half of government behind it, and upcoming success in the municipal elections.

An easy and big victory is attainable in the municipal elections, if the results are compared with the previous municipal elections. The party's goal is to triple the number of delegates, which may not be impossible.

A new look in place of the boisterous one is now being sought by presenting oneself as a responsible and progressive innovator which does not have history's obligations.

But there is still help to be derived from the watchwords, even if they are waterlogged. After the events of recent times, it may be very opportune for the SMP to include its "robbers caught" line in municipal politics as well.

A direct godsend to the election campaign is, of course, city director Pekka Paavola and his adventures. He has done a large part of the election work on behalf of the SMP.

#### Dangers of Weakness

The new role may also endanger the party's support.

The opinion polls do not elect anyone, nor have they recently shown a rise in the SMP's support. The party's look threatens to flatten out as it becomes snobbish. The party leadership makes assurances that no "masters" belong to it, just hard-working laborers. This kind of question was not even raised before.

What is left over when the protest is removed from a protest party? Just a party. There are too many of them anyway.

The Turku party congress did not differ from other party congresses in the way that SMP congresses have sometimes differed in bygone years.

Among other symptoms: the party which most vehemently opposed political appointments is now demanding for itself the position of provincial governor.

"The politicization of the office of provincial governor is a reality," says Pekka Vennamo. "As with the others, so with us, too," says a field worker.

The Greens are looking, most of all perhaps, in the SMP's recent fishing grounds for mobile voters who have become tired of the parties.

The SMP's answer to the Greens' challenge is every bit as languid as that of all the other parties: "We have been suggesting Green ideas for decades, and we are not getting involved in all this current nonsense."

## Desire to Speak and Desire to Rule

The SMP certainly still wants to speak out forcefully. It seems to the party that it should speak out, and from time to time it does. But it wants to be a part of the government even more.

The Turku congress demonstrated that the party's desires to govern are great, although its possible departure is talked about all the time.

The SMP is today part of the Finnish consensus which has turned the other government parties into pale-looking youths.

This summer especially the congresses of all the government parties have gone so precisely according to the scripts that even the Liberal Party and the Finnish Christian League held more colorful congresses--not to mention the Communists, of course.

Dullness continues to be such a strange thing for the SMP that it has to find something to take its place. For a long time it was considered a kind of buffoon party, and it based its policy almost exclusively on rebuking others.

Praising others is still difficult, but now the SMP also has to have friends around it, at least government partners, especially Social Democrats.

This means that both the needs and the objects of fervent talk have decreased.

A few inevitable enemies are still to be found. Finance Minister Ahti Pekkala is told in plain Finnish that he is "sabotaging and persecuting" the Ministry of Labor led by Urpo Leppanen.

During the term of government the Conservative Party has risen to become the SMP's primary opponent. In the opinion of Chairman Pekka Vennamo, a nonsocialist government is at this moment an unrealistic possibility, and there is too much talk about it. "The most difficult thing of all would be to be in a government with the current Conservative Party."

## Struggle of Small Steps

Both the party leadership and the field workers favor staying in the Sorsa government.

Although honorary chairman Veikko Vennamo feels that the boys are a little too eager to rule, he has also adapted to the new role, since "the SMP is a combatant government party."

The ministers for their part speak in the proper Bernstein manner about taking small steps in the government.

There is a very simple addendum to the SMP's wishes to be in the government. The party remains in the government as long as it is more advantageous to be there than in the opposition.



For the time being at least it seems that being in the government is considered so advantageous "in terms of total power" that it cannot fall because of any one detail.

Almost any decision whatsoever can be explained by this pattern. If at some point one ends up retreating, all told one is able elsewhere to take "small steps" in the right direction.

One ended up using that explanation, for example, with certain Pekkanen laws, and one also resorted to it in approving the budget.

Weighing heavily in favor of remaining in the government is the holy war waged on the so-called Rinne model, which is what Veikko Vennamo probably has in mind when he speaks about a combatant government party.

The Rinne model has become the SMP's protege, which is defended down to the last minister.

The SMP explanation of the running controversy over the Rinne model is based on the old doctrine of fair-play policies: the other parties want to destroy the Rinne model, because it is so terribly good and so terribly typical of the SMP that its success would bring unlimited glory and an election victory to the SMP.

#### Vennamo Is Firm

Pekka Vennamo's position in the party leadership is very firm. If he wants to sit in the government, he can sit there at least on behalf of his field workers--and he does not even need to pester about; support comes as quiet approval and spoken praise.

"If we don't support our ministers, what do we support then?" asks its basic rootstock, as it called itself.

Pekka Vennamo is a skillful leader of confidence, although in a way different from his father. He learned "Lotoshella" [Rotosherra (corrupt official)] as a one-year-old, but that is pretty much where it has remained. Nowadays he prefers to speak about responsibility, cooperation and economic policy rather than inveigh against his government partners.

He appeals to feelings much less than his parents, who received an old glimpse into the party congress while giving speeches of appreciation for their medals of merit.

The style of Vennamo the father was suited to the postwar settlement conditions; the son speaks to the public. The change in tone is obviously correct, since over half of the SMP voters are city dwellers.

New party secretary Aaro Niiranen for his part explains the change in style: "The SMP leader should be his own honest self, mimicking others will cause a sure downfall."

Except that it may be impossible to mimic Veikko Vennamo, nor will Niiranen become a new Urpo.

"This Finland is land of the masters, the life of the poor is so hard. Here prevails decay so great, leading the people to ruin," poignantly sings the youth chorus to the tune of a trench song.

12327

CSO: 3617/210

## AMNESTY INTERNATIONAL: FINLAND TURNED BACK USSR DEFECTOR

Helsinki HELSINGIN SANOMAT in Finnish 26 Aug 84 p 6

[Article: "Finland Deported Defector to USSR in 1980"]

[Text] The world famous human rights organization Amnesty International has added to discussion in Finland with its report of an event dating back a few years ago when Finnish officials turned over a Soviet defector by the name of Vyacheslav Cherepanov to Soviet officials after detaining him for 3 days.

Amnesty International's information was published on Saturday by the Helsinki paper HUFVUDSTADSBLADET. The deportation was fateful for Cherepanov since in the Soviet Union he was sentenced to 12 years in a labor camp and an additional 3 years of internal exile for illegally crossing the Finnish border.

Cherepanov's case became known in the West when he succeeded in sending a letter to the West. In it Cherepanov states that he was badly treated in Finland where he was also not able to apply for asylum.

According to Amnesty International's information, in the last 10 years Finnish officials have returned a total of 10 defectors to the Soviet Union after an insufficient investigation.

Cherepanov crossed the Finnish border without permission at Hattuvaara on 18 July 1980. After crossing the border he was detained and sent back to the Soviet Union after a 3-day investigation.

Cherepanov's case is currently part of the discussion being conducted in Finland on the manner in which Finland treats Soviet defectors who would like to request asylum from Finland. The discussion began when an Estonian couple, who escaped to Sweden via Finland, considered it self-evident that Finland routinely returns Soviet defectors without any further consideration.

Swedish newspapers were of the same opinion, but Interior Minister Matti Luttinen stated in an interview given to HELSINGIN SANOMAT that opportunities for asylum for Soviet refugees are the same as for any other refugees.

In the interview given to HELSINGIN SANOMAT Luttinen was astonished at the allegations that Finland would somehow treat Soviet defectors differently. The

English news agency REUTER, which is also interested in this matter, states that the primary reason why Soviet defectors are returned without a chance to apply for asylum is that the Border Patrol does not give them such an opportunity or explain their rights to them.

Soviet defectors do not request asylum according to the experience of the Finns. Frequently, they declare that they do not want to remain in Finland.

#### "Treatment Is Not Uniform"

A Soviet citizen who was been detained by Finnish authorities without documents and who does not request asylum is treated as a foreigner without a passport or he is returned to his homeland.

The Cherepanov case is a continuation of the Finnish debate on the treatment of defectors. By making the Cherepanov case public Amnesty wanted to demonstrate that the treatment of defectors is not at all uniform as Minister Luttinen has said, stated the Amnesty International office to HELSINGIN SANOMAT on Saturday.

Minister Luttinen did not want to discuss the Cherepanov case with HUFVUDSTADSBLADET nor was he available for comment on Saturday.

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CSO: 3617/215

## COUNTRY'S LEADING NEWSPAPER ON PERLE COMMENTS

Helsinki HELSINGIN SANOMAT in Finnish 23 Aug 84 p 2

[Editorial: "Technology and Grain Exports"]

[Text] U.S. Assistant Secretary of Defense Richard Perle, who was on a private visit to Finland, conducted a series of discussions, in which trade policy was mentioned. A certain degree of tension was introduced into the discussions as the result of the secretary's position in his country's arms and export control leadership, in which he has also publicly adopted a critical attitude with respect to Finland's ship deliveries to the Soviet Union.

International trade practices are naturally valid for Finland's shipbuilding industry also. Even here there are always foreign parts included in all the more developed industrial products. Even though Finland's electronics industry has been able to develop a significant number of first-rate applications from shipbuilding for other even more complex specialized areas, the basic unit of electronics is generally of foreign manufacture and frequently it is American.

This same right to apply foreign parts is one of those blessings of the international division of labor without which a small country such as Finland would presumably have been condemned to perpetual poverty under its severe weather conditions.

During his visit, Assistant Secretary Perle was once again put in touch with Finland's specialized areas of production when his country was once again offered icebreakers. Fortunately, he was able to observe how essential icebreakers and other high-tech products are for Finland even though they do not even make the news in America.

Exports of applications developed by Finland are practically nonexistent in world trade, but are vital to our country. In their significance they do not compete with U.S. grain exports to the USSR even during the enforcement of the list of prohibited products. Grain exports, which have continued from year to year, represent a mere pittance even in their vastness for America, which perhaps does not always relate to the small scale of other countries because of its own vastness.

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CSO: 3617/215

## PCF NOTES PRAVDA WRITER KOSOLAPOV ON SOVIET CONTRADICTIONS

Paris L'HUMANITE in French 16, 17 Aug 84

[Article by Gerald Streiff]

[16 Aug 84 p 5]

[Text] Moscow, 15 August. A Soviet leader, Richard Kosolapov, has just published in PRAVDA a long article concerning contradictions under socialism. The tone is new. This reflection continues the debate started by Yuriy Andropov at the beginning of last year in an article in the magazine KOMMUNIST--of which Kosolapov is the editor--on the current situation of Marxism, and continued in June 1983, when the former secretary general sketched the broad outlines of a new CPSU program.

Kosolapov holds that up to the present, Soviet philosophers have not been able to speak accurately on the question: "This problem had already been debated before the war. During the 1950's and 60's it was again widely discussed. But we have not been able to strike a proper balance, and many things are still vague. We have not found the proper tone."

The simplistic idea that contradiction was a characteristic of capitalism was a major obstacle to understanding the phenomena which have appeared in the USSR since the first years of the building of socialism. There was thus a unanimist, monolithic, egalitarian vision of society, forgetting that the country's true homogeneity results primarily from the permanent assimilation of contradictions.

"The notion of unity was often interpreted in a static manner, as if devoid of internal pulsations and creative restlessness. On the other hand, contradiction was to be found among insufficiencies, troublesome misunderstandings and chance situations which should not exist. Out of this came the metaphysical theory of the absence of conflict."

It is necessary today to analyze more deeply the "details of the contradictions which exist under socialism," the magazine editor writes. There is, for example, a primary series of conflicts created by opposition between the old and the new. Richard Kosolapov sees several types of contradictions here.

The most apparent one is the contradiction between "the foundation of the socialist way of life and the relics of private ownership." But even more stimulating--and the author stresses this--is the contradiction between "the most progressive forms of social collectivist relations and the socialist renewal, on the one hand, and the methods generated by socialism itself in a particular era, which methods are now out of date." "This second type of contradiction inherent in the socialist regime itself will, in the future, invariably change character and reproduce itself."

The author emphasizes this theme: "Yes, there are contradictions which are peculiar to socialism." Their origin would be in the confrontation between consciousness and spontaneity.

Very limited in the past, this contradiction between consciousness, which, allied with science, changes the aspect of the historical process itself, and spontaneity, which stubbornly resists this contradiction because of ignorance, lies and prejudices--this contradiction, then, begins to affect the social scale."

The author sketches a sort of pluralism of opinions, pointing out "reactionaries" and "latecomers," who are open to all sorts of influences. Beyond the conflicts, old, new or in the spontaneous conscious, there is, according to the author, another form of contradiction, which puts into play two elements, neither of which can be called negative:

"One can cite contradictions which arise during research into the best way to combine the right to work with the duty to work, the material and moral stimuli to work, the natural indexes and those pertaining to the value of production, the territorial and sectorial principles of administration, the social and state principles within the socialist democratic system, etc. These contradictions are permanent corollaries to the building of socialism."

Can these conflicts be antagonistic? Richard Kosolapov does not seem to exclude this idea. He is careful, however, to define very well what is to be understood by that. (To be continued).

[17 Aug 84 p 6]

[Text] Moscow, 16 August. In his article in PRAVDA on the problem of contradictions under socialism\*, Richard Kosolapov does not exclude the idea that conflicts may take on an antagonistic character.

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\*See L'HUMANITE, 16 Aug 84

He first recalls the classic thesis: since the contradictions existing under socialism are not the expression of the opposition of social forces to incompatible interests--as under capitalism--which calls for the liquidation of one of the terms of the contradiction, they are not antagonistic under socialism:

"Any social tension can be surmounted if one approaches it wisely, if one acts with conscience, without violating the social, political and ideological unity of society--without creating social upheaval."

Everyone does not seem to agree on this question, the author adds. Sociologists advance another theory, particularly "after the experience of countries which are still subject to the vicissitudes of the period of transition to socialism"--doubtless another way of speaking of Poland.

However, under a "developed" socialism, such as Soviet socialism, he says, the problem takes another form. If antagonistic contradictions arising from social conditions are impossible, one can, however, speak of radical contradictions generated by individuals or by groups of individuals.

"By this one should understand the aggravation of local conflicts, from mutual distrust between certain persons to the opposition of antisocial elements scattered throughout the society."

KOMMUNIST's editor modulates this evaluation as follows: "Given that individual antagonism is not an integral part of socialist social interaction and that its dispensable component of the social structure of the socialist society, then we are speaking of the nonantagonistic character of contradictions under socialism. Even in this way we do not do away with possible conflicts, but we do prevent attempts to create speculation around them."

The contradictions which exist under socialism, says Richard Kosolapov again, must be found within the movement of the society as a whole, taking into consideration also the relations which perforce exist at each stage.

Also, very often "the new must coexist provisionally with the old, as long as one has not accumulated enough strength for total victory."

Resolution of a contradiction passes through what he calls "the conscious union of opposites." This is applied conspicuously to the economic policy.

For example, regarding the removal of barriers between backward productive forces and those which are progressive, he notes: "The union of opposites, invariably changing their forms, is the significant mark of the party's economic policy. The elimination of toilsome physical labor, that is, the elimination of the contradiction created by this union, is in turn an important preliminary to the union of the acquired knowledge of the scientific and technical revolution with the socialist economic organizations, of the accomplishment of the socialization of work and of production, actually."

Richard Kosolapov finally calls sociologists to a profound renewal of Soviet research on these questions in their entirety.



## CORSICAN POLITICAL, SOCIAL SITUATION ANALYZED

## Socialist Tragedy

Paris LE FIGARO in French 8 Aug 84 p 3

[Two-part article by Thierry Desjardin: "Corsica Says 'No' Twice"]

[Text] From bombing to assassination

An annual increase of 17 percent in unemployment

Twenty percent less tourists

Ten lists for one majority

So, Corsicans are going to vote a second time. On 12 August, they will try to elect a second regional assembly since the one they elected 2 years ago under the terms of Gaston Defferre's famous "special status" proved to be totally unmanageable, small groups, treasons and rallies having first distorted everything, then brought all activities to a standstill. Among other things, it enabled the leftist minority to carry off the chairmanship and the Right, which, for all that, did not have the majority, to be elected to the executive of the "offices."

In the lesser events category, it should be noted that, after 2 years of open discussions, this assembly was not even capable of preparing its last budget; neither was it capable of voting a single motion that would condemn violence and, in a florid text, it went as far as mentioning the existence of the "Corsican people," an expression which should have startled all the people who speak of national unity. As it stands, some of them approved that text whether they were rightists, leftists, UDF [French Democratic Union], or socialists.

When all is said and done, these 12 August elections are particularly important because, firstly, the socialist "experiments" were unquestionably even more catastrophic in Corsica than anywhere

else and, secondly, the famous "silent majority"--Corsicans who want to remain French--dared to speak up for the first time in several months.

Thus, this election should allow the Corsicans to say no twice: No to socialism, no to separatism. In Corsica, however, elections are always more complicated than elsewhere.

"Basta, basta cusi! We have enough of these dangerous jokers' government which is leading us to ruin and death. Ah! Fine results we got from 3 years of socialism in Corsica. Bravo! Defferre said Corsica would be France's showcase. Some showcase! As far as terrorism is concerned, we went from small-time bombing to pure and simple assassination. High officials are now being killed; people are even killed in prisons. We did not have to worry about unemployment. We are now the most affected region of France. There are no tourists left on the island. Hotels are closing one after the other. As for the building industry, our only one, it is a disaster. Let us not even mention agriculture. As for their fine special status, we saw its results: An assembly which could do nothing more in 2 years than ask for its dissolution!"

Corsicans are famous for their big mouths and it is one of their appealing traits. Right now, they are using them to their heart's content. The man who is thus speaking to me amidst a group of friends at the terrace of the "North-South," Ajaccio's ice cream parlor, is a doctor. He has one of those "unruffled" personalities. A few years back, he used to sing the praises of Edmond Siméoni and the autonomists. Without stopping once, he ended up speaking for 3 hours, drinking six coffees while greeting 25 acquaintances walking by.

It is very hot, very pleasant, on Diamond Place. At each of the terrace's tables, there is an impromptu orator and the listeners are dozing as I am and slowly following with their eyes the pretty, half-naked and tanned German female tourists. The words "ruin," "abyss" and "cataclysm" are heard, but the tilting accent and the heat somewhat soften what is being said.

When all is said and done, though, it is true. Corsicans are now fed up as they never were before. As for those who wonder if Corsicans are still French, they can be told that, in this month of August 1984, the Corsicans have become more French than all the other Frenchmen put together. They are "fed up" much more than the "mainlanders" are. The outcome of the last 3 years is effectively disastrous, parodic.

Somewhat spared until 1981 by the famous crisis, due to, unfortunately, a lack of industry, the island's current economy is not "on the verge of bankruptcy," in the words of the demagogues, but actually deep into it.

As of August 1984, Corsica had 12,000 unemployed, that is to say, 50 percent more than in 1981. Since the island has a labor force of 86,000 people (out of 240,000 inhabitants), it means that one out of seven Corsicans is unemployed. It really is the showcase of the French economy! Whereas unemployment rises by 12 percent annually in France, it is currently rising, and has been since 1981, by 17 percent in Corsica (as compared to 6 percent before May 1981). All

the national records have been broken by far. "The government advocates the Corsicanization of jobs to practice demagoguery on us, but, actually, it is a growing scarcity of jobs that it is promoting," scream the Corsicans furious.

The "mainlanders" touring the island always felt that Corsicans never did anything but spent their lives "sipping" pastis [an anise drink] in the village squares under the shade of plane-trees. However, they were "old men," retirees, and former non-commissioned officers of the colonial army or customs. Now, and it is so obvious, it is also the young people who can be seen idle, sadly dragging their feet on the Napoléon Promenade or Saint Nicolas Place and these young people do not recount their glorious campaigns. They say nothing. They are sad. Corsica has become sad.

Why did such a collapse of the Corsican economy take place? Quite simply, because the three meager pillars of this economy which is not a true economy--tourism, the building industry and agriculture--collapsed.

#### Hotels Are Closing

From 1955 on, tourists came to Corsica in increasing number each year. They had numbered 1,200,000 in 1982 and generated a 2 billion business. However, the decline began suddenly in 1983 even though the French could no longer go abroad: 10 percent less tourists. Nothing like that had ever been seen. And that was just the beginning. This year they will number 20 percent less than in 1983.

On 31 July, I was able to get a seat on a plane to Ajaccio without any problem, an unheard thing for the past 20 years. All the hotels also had rooms available in early August, which had not happened in years.

Some of the hotels even have so many rooms available that they are shutting down in the middle of August, like the Foreigners' Hotel in the center of Ajaccio. Others merely shut down two or three floors, like the Fesch Hotel which has, right now, less customers than it had in January 3 years ago.

The innkeepers who were often at the vanguard of the struggle when it came to Corsican problems (the Corsican train, red mud and postal strike affairs) and who went deeply into debts to modernize their establishments--on the government's request--are quite determined to react.

The building industry--which alone employs 16 percent of the working population--is going through an even worse crisis. No longer are people building second homes on the Island of Beauty. The marinas, villages so and so and residences such and such remain unfinished with their giant holes, idle cranes and advertising posters which are beginning to turn yellow. It is sad to see. Realtors are offering dream villas for sale at 800,000 francs, that were still on the market last year for 2,000,000.

As for the farmers, they are no longer able to sell their wine, fruits and citrus fruits. The market is supposed to be saturated. They are now fighting in order to get a subsidy for pulling out grape vines.

Finally, the companies which were thinking of settling in Corsica to take advantage of the tremendous benefits offered to them, are turning back faster than they arrived. Last week, the Motorcyclists Association, which was to establish its headquarters in Corsica and create 130 jobs, left tragically. It had been bombed. It will relocate in Montpellier.

#### The Silver Fox in the Lead

When by chance, a Corsican is found willing to defend the government, he always says, somewhat embarrassed: "All of that is true. The situation has never been so bad, but it is not the government's fault. Those who are throwing the bombs are to blame." The great majority of Corsicans are very upset by that argument. "Since when is not a government responsible for the security of a region? If those who place the bombs are to blame, it is up to the government to take care of them. Prior to 1981, security was precisely the great topic of the Left in Corsica. Giscard was being blamed for the attempts and, today, Mitterrand would not be responsible!"

They go on: "As it stands, François Mitterrand, Gaston Defferre and Robert Badinter played into the hands of the terrorists by granting them amnesty and releasing them from prison; abolishing the State Security Court; creating the special status; and going so far as negotiating a truce with them to be in effect during Mitterrand's visit to Corsica. To have been able to negotiate with them also proves that they know who they are."

That says a lot about the current climate at the terraces of the Corsican cafés!

As a rule, the "single national opposition list" (RPR [Rally for the Republic], UDF, Bonapartists and independents) should therefore win hands down, on 12 August, over both the PS-MRG and communist lists. We are, however, in Corsica and everything becomes complicated.

To the mainland's division of Left and Right are added the rivalries among "clans," the antagonism between Ajaccio and Bastia and now, a new division: Everyone's attitude before the "nationalist" problem (nationalism in Corsica meaning separatism).

During the first election of the regional assembly in 1982, 17 lists, each submitting 61 candidates, had been allowed. People on 14 of these lists were elected, the MRG dissidents even got one man elected with 1.68 percent of the votes, or 2,488 ballots. It is now a known fact that, in order to get one man elected, he will have to receive at least 5 percent of the votes. There are nevertheless 10 lists in the running. That is a lot and, in any case, even though illogical, enough of a risk to bring everything to a standstill once again.

So, first, there is the "single opposition list." It is headed by Jean-Paul de Rocca-Serra, Porto Vecchio's irremovable RPR mayor and deputy, the "Silver Fox," the great clan chief and undisputed boss of the island. He is supported by Charles Ornano, Bonapartist senator and mayor of Ajaccio who rules his town imperially, and José Rossi, UDF, who, unfortunately, felt the need to vote for the famous "Corsican people" motion.

This list will undoubtedly earn a large margin, but what will be its share of the votes? The "regional union for Corsican action in the opposition" list of Joseph Chiarelli, Bastia's CNI municipal councillor, will, more than likely, take precious votes from it in the northern section of the island and the "democratic rally" list of Denis de Rocca-Serra, outgoing vice-chairman of the regional assembly, who is placed among various, at time, leftists, at time, rightists, will obviously benefit as much from the ambiguity as from the homonymy.

Most of all, there is also the great mystery of Jean-Marie le Pen's National Front which got 13 percent of the island's ballots during the European elections with 17 percent in the South and even a 23 percent "spearhead" in Ajaccio. Jean-Marie Le Pen's goal is now clear: To get enough elected to force Jean-Paul de Rocca-Serra to negotiate with him. The National Front would thus make its entrance in a majority.

Dissension is total among the Left. There is first the "socialist-MRG list," with this precision that it only involves the MRGs of Southern Corsica. Nicolas Alfonsi, Ajaccio's MRG deputy, heads this list accompanied by Prosper Alfonsi, outgoing MRG president of the dissolved assembly. It is the only list to claim officially, and it must be added somewhat courageously, an affiliation with the current president of the republic. Furthermore, Nicolas Alfonsi, who was elected deputy of Ajaccio due to disagreements among the rightists, leans much more toward Mitterrand than the MRG, to such an extent that, in 1981, he had forgotten that his party had a candidate (Michel Crépeau) and he had campaigned for Mitterrand; and that he does not currently have the mandate of his party. Conversely, though, it is true that all the socialists ministers, one after the other, are touring the island on his behalf.

The official MRG candidate is François Giacobbi, senator, chairman of the Upper Corsica General Council, the other great clan chief and the boss of the northern section. In reality, only if a person knows that Giacobbi belongs to the left-ist majority can he believe it. His whole campaign is a thoroughly savage attack against everything that has been done in Corsica over the past 3 years. He reminds his audience that he was hostile to the special status which only exacerbated the island's particularism; he is up in arms against the laxism which was shown the separatists; and he protests the absence of an economic policy to remove Corsica from its insularity. The voters must think that Giacobbi belongs to the opposition, which can only win him some votes.

The communists' score will be interesting to note, not because it will be the first election since the communist ministers left the government (those are quite remote Parisian affairs), but because the head of the local list, Dominique Bucchini, mayor of Sartène, was vice-president of the dissolved assembly and that, taking advantage of the frequent absences of the ill and tired president, Prosper Alfonsi, he tried to infiltrate the local administration by placing his "buddies" a little everywhere.

#### UPC At a Low Point

Finally, as a reminder, and still in the Left, let us mention Charles Santoni's "Corsican people list," founded by a few socialist dissidents who have very little chance to exceed the needed 5 percent minimum.

Two lists thus remain, namely, the UPC and the Nationalist Unity.

There is no doubt that the UPC autonomists have hit a low point and that the odds are against them for regaining the seven seats they had in 1982. There are two reasons for this. Firstly, because they are somewhat responsible for the obvious failure of the outgoing assembly and all the failed attempts at regionalization. They were the only ones to have really accepted to play the game. The self-government advocates find it easy now to tell them: "You see, your dream of an autonomy granted by Paris is only an utopia."

Secondly, and most importantly, because the UPC was first and foremost Dr Edmond Siméoni who had such charisma that he could sway any audience with a few words. Seriously ill, Edmond Siméoni had to retire from political life a few months ago and it is his brother, Max Siméoni, who is trying to replace him; to no avail.

Finally, the "nationalist unity list" will represent for the first time, and without the shadow of a doubt, those who advocate self-determination, in other words, the independence of Corsica. Some of its candidates have been in prison and the ill-inclined assert that, if the acts of terrorism have stopped in Corsica these past few days, it is simply because people cannot place explosives at night and campaign during the day since a person has to sleep at some point.

Then what? Then, since Corsicans like to play the tiercé [betting on three horses in a race], they believe that Jean-Paul de Rocca-Serra will come in first, with a lead of several furloughs, followed by François Giacobbi and Nicolas Alfonsi in a photo finish; then the communists; and finally, a tight pack including Pascal Arrighi, the UPC and Chiarelli.

Unfortunately, however, in order to win the first prize in this race, it is not enough to arrive in the lead. It is necessary to have the majority. As far as that is concerned, if Jean-Paul de Rocca-Serra does not get it all by himself (which seems unlikely), anything can happen. At this point, no one can tell whether the clannish hates will be stronger than the hates among the MRGs.

What is somewhat discouraging in Corsica is that, while the island is on the verge of dying, imagination is needed to invent a future for the region, for example, key industries and energy to put an end to terrorism.

#### Anti-French Policy of Authorities

Paris LE FIGARO in French 9 Aug 84 p 7

[Two-part article by Thierry Desjardin: "Corsica Says 'No' Twice"]

[Text] Villagers Against Singers

10,000 Ajaccio residents take to the street

Infiltration by the Fight for National Liberation

"For 10 years now, Corsicans have had enough of bombings, threats and boasting instigated by the self-government advocates; but they kept quite. They were afraid of gossip, of being taken for stool-pigeons or cowards. Then, last year, the Corsicans came to the realization that the mainlanders too had enough of those Corsican affairs; and that they would tell them some day, not an unlikely possibility: So, you want your independence, well, take it and good riddance.

That was the real danger. The Corsicans then decided to react. They knew perfectly well that the self-government advocates represented a small minority in the island, 5 to 7 percent at the most. They were not sure, however, that the mainlanders were aware of this fact. They told them.

The mild-talking man addressing me is 45 years old. He owns a Mercedes and a real estate agency. He has one passion, football, and he is a CFR member. Yet, the CFR is not a football league. It is the Association for a French and Republican Corsica and, under its old-fashioned likeness to a veterans' association, the CFR is certainly the most important thing to have appeared in the Corsican sky in many a year. It began like a Clochemerle story, in Cargèse, last summer.

On 24 July 1983, a group of Corsican "nationalist" singers, "I Muvrini [The Goats]," came to this pretty little town on the western coast of the island to scratch on their guitars and sing, a town famous for its 17th century Greek colony, its two churches (one Roman, the other orthodox) and, even more so, its Club Méditerranée. Since, however, the previous months, 21 villas had been bombed in Cargèse, some of its residents had begun to lose their patience, especially a certain Jean Dragacci, a leery, big mouth old-time Gaullist who runs a local supermarket.

He tells the story: "I and some 60 friends decided to hassle the Goats. I must say that all those more or less folkloric groups had begun to get on our nerves. They were singing in Corsican and all the mainlanders were applauding not knowing that what those little skunks were singing in Corsican was that all the French were going to be killed. Once the songs were over, they would pass the hat around and got good money with which to buy explosives. In short, we heckled them a bit."

Six weeks later, on 2 September, an even more extremist group, *Canta u populu corsu*, decided to return to Cargèse to avenge the first indignity. The singers, therefore, came accompanied with more or less armed self-government advocates. Dragacci and his friends (who now numbered 200) were waiting for them. They too had "taken up arms." The former veteran of the 5th D B [armored division] assumed the role of strategist, encircled the "paltry whipper-snappers" and, for a short while, everyone thought there would be a tragedy. *Canta u populu corsu* retreated in disorder. Furious, the self-government advocates then announced a punishing demonstration for 17 September in Cargèse. Superb, Dragacci declared: "You will have to walk over our dead bodies to enter Cargèse on the 17th!" and, cunning, he had 600 of the 1,000 residents sign a "petition" which he submitted to both the prefect and the mayor requesting that the demonstration be outlawed. The demonstration was outlawed in Cargèse and was held only on the outskirts of the commune where 198 self-government sympathizers hastily unfurled a banderole before taking to their heels without further ado.

As you can see, the whole thing resembles a Mediterranean farce: The owner of a village bazaar who, gathering his bowling partners with their blunderbusses, goes to war against a troupe of amateur singers who think they are making a revolution, the whole action taking place amid the world's most beautiful landscape and the singing of cicadas. In reality, however, it is all pretty serious. The Corsicans grasped it immediately.

Corsicans, who cannot be blamed for a lack of moral standards, dare to say openly for the first time since the independence "No, we are French and proud to be so. Corsica is French and will remain so and we are ready to fight."

Wanting to remain outside of politicking politics, the CFR "officials" then contacted all of the island's politicians in an effort to gain their support. They all answered immediately: The RPR; Jean-Paul de Rocca-Serra, deputy and mayor of Porto Vecchio; the radical François Giacobbi, senator and chairman of the Upper Corsica General Council; Charles Ornanao, the Bonapartist senator and mayor of Ajaccio; etc; all of them, that is, with the exception not only of the autonomists, obviously, but also--interestingly and we would be tempted to add symptomatically--of the socialists, their MRG friends, the deputy of Ajaccio, Nicolas Alfonsi, and the communists. Very interesting!

#### The Dangers of Corsicanization

Six months later, the small merchant's CFR had 30,000 members and was organizing marches throughout the whole island, which gathered amazing crowds (3,000 people in Calvi, 6,000 in Porto Vecchio, 8,000 in Bastia and 10,000 in Ajaccio). In short, the operation had been launched. There are now tens of thousands of Corsicans who are organizing to counteract the few thousands Corsicans who would like to create an undoubtedly independent people's republic.

After all is said and done, the question could be raised as to why it was necessary to wait until the summer of 1983 to witness such a reaction. Jean Dragacci answers: "Too much is too much; one day, we got fed up." In fact, it must be acknowledged that Corsica owes its healthy reaction to the socialist government. As long as the French government, until May 1981, was chasing the self-government advocates-terrorists, the /"legalistic" Corsicans had no reason to take matters into their own hands/ [in italics]. Loyal to the government of the republic, they trusted it. Only when they realized that the government was playing into the hands of the self-government advocates did they decide to take care of their own business.

A friend of Dragacci gives further details: "The whole policy of the Mitterrand government was aimed at pleasing the self-government advocates. Firstly, the amnesty freed the terrorists; then, the State Security Court was abolished; finally, and most importantly, the "special status" was launched, the very words of this expression being disgraceful. We are now being told that it was a mistake to have used integral proportional representation for the election of the regional assembly, a move which only paralyzed its activities.

However, it should not be forgotten that, if Defferre chose this integral proportional representation system, it was precisely for the purpose of making the



more or less separatist movements, representing nothing or practically nothing, the real arbitrators of Corsica's fate. Let us recall that, for 2 years, it was Edmond Siméoni's autonomists, with their seven, then five seats, who decided everything, from the president's election to the dissolution, since it was their departure which brought everything to a standstill. It is perfectly clear."

Furthermore, when the government's action in the island over the past 3 years is scrutinized, it appears that there could very well be some basis to the CFR's serious accusations against the government.

The government would like to "Corsicanize" the island's jobs. It seems a harmless and almost normal thing to do. It makes sense that a Corsican postman would prefer a job on his island to one in Hénin-Liétard. When the concept is examined, however, this simple "Corsicanization of jobs" expression demands an administrative definition of the word "Corsican." Will it be enough to have a name ending in "i" to be able to demand a job on the Island of Beauty? Obviously not. It will then be necessary to define "Corsican citizenship" in order to know who can or cannot benefit from the Corsicanization of jobs. There will therefore be Corsicans and Frenchmen. It is the beginning of the self-government advocates' course of action.

The government wants to facilitate the teaching of the Corsican language. Very well. This is what those who are nationalist (Corsican) now were demanding 10 years ago and who demand today that Corsican (a pretty dialect without much culture) be made compulsory in the island. Why not decide in their favor right away?

#### Laxism Disguised As Sympathy

The government is seized with such an "anti-French" zeal in Corsica that, on 30 November last, it proposed to form a "commission for the Corsicanization of the toponymy of the island's principal towns." Until now, it was a nocturnal activities for those who were called "terrorists" to deface the road signs with white paint, changing the names from Ajaccio to Aiacciu, Corté to Corti, etc.

It will now be left to the government of the one and indivisible republic to do the job. As an old teacher and staunch supporter of François Giacobbi told me: "While they are at it, they could also ask the gendarmes to write 'I Francesi Fora' (Get out Frenchmen) on the walls as a further move to prevent the terrorists from getting tired."

This laxism disguised as sympathy and abdication of the government toward self-government advocates irritates and maddens many Corsicans. I was told 50 stories, one more amazing than the other, about the attitude of the "authorities." There is, for example, the story of a mainland professor at the University of Corté, whose students dared to hand their reports written in Corsican and who was reprimanded for giving them a zero; a civil servant paid by the French government, who is getting an apartment and an official car and who regularly screams "Death to French Colonialism," without anything ever being done against him; those so-called cultural associations, heavily subsidized, and whose sole activity is to spit on France and on Frenchmen; etc.

In short, it is not because three espadrille-wearing singers came one day in July 1983 to sing in Cargèse that the Corsicans decided to wake up. It is because one day in 1981, a new government was established in Paris and that this government thought it was authorized to practice what we are forced to call a policy of abdication, if not a "bargain basement" policy.

What is the reaction of the self-government advocates before this famous CFR?

Let us say first that the terrorists have just gone through a rather disagreeable 18 months. Robert Broussard, the police commissioner, did not hand things over to them on a platter. Furthermore, the two toughest small groups--the Corsican Revolutionary Brigades and the Liberation Army--, who were shooting at the gendarmes and the CRS [Republican Security Companies (State Mobile Police)], have not been heard of for 7 or 8 months now, either because their members were arrested or because they, themselves, felt that terrorism in Corsica was no longer safe. Some 60 "terrorists" are currently in prison.

To be sure, a man was arrested in Bastia last week. He had a tremendous arsenal and the disgusted policemen realized that the man had already been arrested last year (for having supplied a bomb that had been placed on the route of the president of the republic) and that he had been released by Paris after 11 days! It is therefore expected that the man, who had anti-tank weapons in his cache and enough explosives to destroy a whole neighborhood, will be quickly released.

#### A Spider's Web

In any case, it can be estimated that, since Broussard's arrival, there are three times less terrorists active on the island. It can be ascertained from a precise study of the hours and locations of 70 attempts over July's last three eventful nights, that all these attempts were committed by one and the same team. A year ago, the terrorists would have used three teams for such a mission. The terrorists are therefore losing the fight when it comes to violence. They are aware of this and, while waiting for better days, Broussard's departure for example, they "got religion."

The National Liberation Front of Corsica, the FLNC, which has often been considered "the" supporting movement of the independence, has always been in the news. In reality, the FLNC is only one of the "expressions" (it is the word used by its members) of the LLN, the Fight for National Liberation. It is its "military" "expression," but the LLN has other "expressions": economic, political, cultural, sports and unionist. The first deposits bombs, but the others are not wasting time either.

Members of the "economic expression" infiltrate the cooperatives of pork butchers, farmers and others; members of the "political expression" disguise themselves as political parties that are in the open and have official candidates who, naturally would sue (and win) anyone accusing them of being terrorists; members of the "cultural expression" organize concerts, painting exhibits, singers' tours, etc; members of the "sports expression" form or infiltrate bowling or football leagues; and the members of the "unionist expression" do the same with Corsican labor unions.

As may be seen, it is a perfect organization which crisscrosses the life of the whole island. Thanks to the "Corsicanization of jobs," the entire current government policy, obvious complications, and also fear, more than 2,000 self-government advocates (or sympathizers) were thus able to come into key positions within a few months, whether at the level of the prefectures or the simple small villages.

The police know these men perfectly well, whose activities they have been following for a long time. They regularly note their progress and are surprised to see their promotion and the heavy subsidies of all kinds which are received by these groups of young farmers, sports associations, troupes of singers, professional associations and trade unions whose sole design is to spin a spider's web for independence.

The police, however, are not the only ones to know this list of 2,000 names. The CFR members also know it.

The Corsicans will elect their new regional assembly next Sunday. Obviously, the CFR, which for the time being elected to remain outside politics, did not give any voting "directives." Furthermore, many candidates, from François Giacobbi to Pascal Arrighi, on to Jean-Paul de Rocca-Serra, are one "in spirit" with the CFR. Others, however, beginning with Nicolas Alfonsi, won't hear of this French and republican Corsica. It will be particularly interesting to see if the Corsicans will be able, for the moment, to set aside their clannish quarrels.

6857

CSO: 3519/476

## CHARACTER, STRATEGY OF CHEVENEMENT ANALYZED

Paris LE FIGARO in French 17 Aug 84 p 4

[Article by Jean Bothorel: "Chevenement's Challenge"]

[Text] On 27 July in his home town of Belfort, Minister of National Education Jean-Pierre Chevenement, stated that the problem of the relationship between the public and the private school would be settled "quickly". "It will not take long," the minister added, while remaining extremely evasive as to his plans.

Quickly? The beginning of the school year is just around the corner and Jean-Pierre Chevenement should lay his cards down soon. Although he has conferred with all of the organizations concerned, he has not been in direct contact with the cardinal of Paris, Monsignor Lustiger. Since the beginning of this affair, the cardinal has never played the role of technical negotiator and his relations with government have been at the presidential and premier level.

In fact, Jean-Pierre Chevenement does not have any particular advantage over his predecessor. He must go back over everything from the beginning and he runs the risk, like Alain Savary, of coming up against the two obstacles that overturned negotiations: the status of private school teachers and the means of financing. Today, as yesterday, if everything is debatable, nothing from the Catholic officials' side can be given away, while there are areas, such as the status of teachers, that are not negotiable.

Yet Jean-Pierre Chevenement did not keep it a secret that he wanted the job. "I chose this ministry," he stated. What makes him so sure of his abilities to settle this question which divides the French? To try to answer this question, we will examine his character and political record. His career, still new, leaves no one indifferent.

## The Strategist

Jean-Pierre Chevenement is, above all, a strategist. From the founding of the CERES [Center for Studies, Research and Education] in 1966 to the presidential elections of 1981, with the drafting of the Common Program inbetween, his strategy could be summed up in one phrase: "Hard to the

Left!" This is a strategy that allowed Francois Mitterrand to arrive at the head of the Socialist Party at the 1971 convention in Epinay and to be elected president 10 years later. Hence the unique relationship that has developed between the two men: Of his generation, Jean-Pierre Chevenement is probably the only Socialist leader who stands up to the head of state. Francois Mitterrand owes him too much to like him; Chevenement, on the other hand, does not owe him enough so that he can look down on him.

Between June 1981 and March 1983, when he was first minister of state for scientific research, then minister of research and industry, Jean-Pierre Chevenement attempted to recenter his image. From the "Hard Left" strategy, he slid towards a "rally" strategy, going as far as to call for a "government of public salvation". The "rally" concept is nonetheless very far-reaching in CERES ideology and it has been so since the beginnings of this tendency. Within the ranks of the Socialist Party, incidentally, some criticize Chevenement for his "nationalism", even "Gaullism".

In keeping with his trend, the present minister of national education created--on the fringe of the CERES and after having resigned from the Mauroy government--the "Modern Republic" club, a discussion group that borrows its name from the thinking of Pierre Mendes France. This sudden association of the names Chevenement and Mendes was rather amusing for observers who had gotten into the habit of identifying the CERES with the ultra Left wing of the Socialist Party. Particularly since Jean-Pierre Chevenement's "recentering" was accompanied by increasingly virulent attacks on the economic policy instituted by Jacques Delors. Apparently, there was some contradiction there.

In truth, these attacks were, once again, motivated much more by strategic concerns than by profound convictions. As of last March, the CERES began betting on a forthcoming break-up between the government and the PCF [French Communist Party]. In light of this, its objective was therefore to take up from within the PS [Socialist Party] Communist criticism and statements on the economic front.

It was a good bet. The CERES basked in its clear-sightedness. Its leader ipso facto regained a ready-made spot in a team that Jacques Delors was leaving. For the CERES, indeed, Jacques Delors' departure was as important as the Communists' departure. One could not be without the other.

From that time on, Jean-Pierre Chevenement has been back in business. His strategist's instinct must harmonize with the exercise of power, in a mine field: the school. What does he have to pull out of his sleeve? Will the "rally" man be equal to his mission?

It is certain that the CERES, taken as a whole, is not intimidated by hard-liner lay school advocates. The CERES does well when it comes to recalling broad ideological tenets. This much aside, will Michel Bouchereyssas' National Committee for Lay Action, Jacques Pommatau's FEN [National Education Federation] and Jean-Claude Barbarant's SNI [Expansion unknown] accept from Chevenement what they refused from Savary? For the time being, they are not headed in that direction.

## A Mine Field

When it comes down to it, Jean-Pierre Chevenement's ideas on national education are limited to the loftiness of proclamations of intentions: "Restore the public school and with it, a sense of effort. Give everyone a chance by offering young Frenchmen a dual education so as to develop their creative abilities and their level of qualification to the highest degree." Or, "the crux of the problem is the restoration of the public school. What matters first is the quality of public education. Once it has proven its superiority--and the financial and human resources must be provided along with the will--the problem will be of different nature. All of these school affairs have been overstated. There is a great deal of religion mixed in."

The drafting of a law will force him to go beyond these generalities, to come down to a concrete, specific level. How can the "laymen" be forced to let down their guard? These past 6 months have given sufficient evidence that the head of state alone was not able to control the situation.

With the episocopacy and the APEL's [Association of Lay School Parents], the strategist Chevenement might be more at ease. On that score, the Mauroy government performed poorly, trying to divide the other side; sometimes listening to Father Guibertau, sometimes to Pierre Daniel, president of the APEL; one day receiving the CFTC [French Confederation of Christian Workers] and refusing it the next, etc. It is hard to imagine that Jean-Pierre Chevenement will make the same mistake.

In short, for the minister of national education and also for the CERES, this is a new moment of truth within the Left. It is up to the strategist to make use of his talents. If he fails, his "comrades" in the PS will not go easy on him. That is one certainty, at least.

12413

CSO: 3519/477

POLITICAL

GREECE

U.S. MILITARY LEADERS' VISIT DISCLOSED AFTER FACT

Athens I KATHIMERINI in Greek 29 Aug 84 p 1

/Text/ The visit to Athens the day before yesterday by the commander of NATO's southern wing and the commander of the U.S. 6th Fleet to hold official talks was concealed by the government.

This government action was described as "an attempt to stir up anti-American feeling that had been pushed back from newspaper columns by the timeliness of the Cypriot issue." This was stressed by political observers who referred to the fact that the government just yesterday announced the visits by the commander of NATO's southern wing and the commander of the 6th Fleet, visits that the government did not disclose for 2 days.

At the same time, a minister also made known --breaking with tactics usually followed-- the purpose of the visits, namely a discussion of issues relating to Greece's participation in allied maneuvers.

Specifically, the relevant news account mentions the following:

The day before yesterday, Monday, Admiral Small, commander of NATO's southern wing, arrived in Athens and met with Adm T. Degiannis, head of GEETHA /National Defense General Staff/, to discuss NATO maneuvers. This was disclosed yesterday in a statement issued to reporters by Alternate Minister of National Defense A. Drosogiannis.

The American admiral's visit was kept secret by the government and, according to journalists' information, Admiral Small expressed the displeasure of the allied factor over Greece's not participating in the allied "Display Determination" maneuvers.

Moreover, the visit to Athens of Admiral Martin, commander of the 6th Fleet, was also kept secret. The latter arrived on Monday and left yesterday afternoon. Admiral Martin had talks at noon yesterday with the chief of GEETHA, the contents of which were kept secret.

5671

CSO: 3521/341

## NEW ND LEADER MITSOTAKIS ENJOYS WIDE MAJORITY

Athens I KATHIMERINI in Greek 2-3 Sep 84 pp 1, 5

/Excerpts/ In a broad victory that surprised even his own entourage, Mr K. Mitsotakis was proclaimed leader of New Democracy yesterday. Refuting all prognostications that reported the two contenders as being equal, the Cretan politician surpassed his opponent by 29 votes (final result: Mitsotakis 70, Stefanopoulos 41). This fact renders the new ND president very strong and at the same time weakens any opposing trend inside the party. Specifically emphasizing the very heavy responsibility incumbent on him as leader of a great historic and unified party which he joined just 6 years ago, Mr Mitsotakis, in a speech delivered right after his election, pointed out the following: "It is natural for one to take into account his responsibilities at the top leadership of a party, a party that was founded and directed by one of the strongest political personalities in Europe, namely Kon. Karamanlis, a party that was rendered illustrious through the democratic sensitivity and wisdom of Georgios Rallis and that was once again raised to a great political force of the country through the untiring creative activity, the high political morals and personal courage of Evan. Averof."

Both the new president and his fellow candidate, as well as Messrs Georgios Rallis and Ev. Averof (in the statements they made), stressed the unity of the party. Party deputies noted that this was indicative of a general desire to stop intra-party disputes in view of the final ND effort to regain power.

It is characteristic that Mr G. Rallis did not hesitate mentioning that personal ambitions had been harassing the party over 4 --long-- years.

This general desire was expressed in equally general applause with which the deputies greeted the categorical statement the new party leader felt obliged to make:

"From this moment when the process for succession has been completed and the will of the central organization has been expressed, an end has thus been put to the just and democratically legitimate differences of opinions that relate to personal preferences. From this moment on we are once again solidly fraternal, we close lll, since we have accomplished our duty in a most democratic fashion."



Mr E. Averof

Mr Ev. Averof, the outgoing ND president, made the following statement;

"The character and capabilities of both candidates prejudged the fact that unity and a united new move forward by ND was assured.

"I congratulate the new leader on his being elected and I congratulate Mr Stefanopoulos for the decent way he conducted his political fight and for his faith in our party.

"Personally I am fortunate because I was the one who gave the opportunity for us to reach a new stage in our course in a normal manner. I will make every possible effort to complete ND's course toward victory."

Mr K. Stefanopoulos

Immediately after Mr Mitsotakis's speech, Mr Kon. Stefanopoulos made the following statement before the deputies.

"Ladies and gentlemen, dear colleagues, I confess that I did not prepare a speech for this occasion. I had, however, prepared myself to accept any result. For that reason, therefore, words are no difficulty at this moment.

"First of all, I want to congratulate you, Mr President, because you deservingly were elected to the presidency of the party and also to thank all of you because even though all of you did not honor me with your vote --indeed, that would not have been possible-- I believe that you honor me with your esteem and perhaps with your love. The process that was followed did anything but harm the unity and cohesiveness of the party. To the contrary, I believe that the party came out strengthened by this democratic process that constitutes the pride of our great party.

"I will serve the unity of the party as all of us do. And I wish with all my heart good luck to all of you and not simply for the hoped for but certain victory of our party in the next election for the general good."

Interview

Shortly after being elected, Mr Kon. Mitsotakis made his first statement to reporters as leader of the major opposition party.

In the ND auditorium in the Chamber of Deputies that was filled with journalists, deputies and other officials, Mr Mitsotakis, first of all, said:

"There was one special matter which I could not bring up in my speech. I would urge Mr Papakonstandinou to reconsider his decision (note: to resign from the position of vice president of the ND Executive Committee), Mr Papakonstandinou whose proposals and advice for the future course of the party has been most valuable up to now. "

Question: Do you propose meeting with the prime minister soon?

Answer: Why not? I had not thought of it.

Question: Will you also see the president of the republic?

Answer: Of course, it is in the rules.

Question: How do you judge the results of the election that the newspapers called undecided?

Answer: For me, the results were what I expected. I said that in the last days. We started out on an equal footing. The relative small superiority the one candidate had the first days was finally supported by more deputies.

Question: How do you comment on the information that Karamanlis circles were opposed to your election?

Answer: It is altogether inaccurate and I have, moreover, refuted it repeatedly.

Question: Do the changes you contemplate include the revamping of the political council?

Answer: The political council exists. It will be expanded. It will be revamped.

Question: Will you make changes in ONNED /Youth Organization of New Democracy/? In your leadership?

Answer: I have spoken positively about ONNED's work.

Question: What do you think of the timing of elections?

Answer: We do not know when elections will be held.

Question: Are you calling for elections?

Answer: I am not calling for elections at this time.

Question: You spoke of solutions you will propose on the matter of reestablishing the preference check mark...

Answer: We believe that the preference check mark must be brought back for two reasons: First of all, because all parties have determined that it had harmed public life. Secondly, because the overwhelming majority of the people want its reestablishment. Its abolishment that I too had proposed some years ago presupposes the existence of democratically-organized parties, something we do not have. Thus, it ends up as a slate that one person determines. I do not want to exercise that right.

Question: So, all those who are today deputies will be on the slate.....

Answer: I did not say that.

Question (by the RIZOSPASTIS reporter): In your speech you said that you would not accept electoral systems that would adulterate the popular will. Does this perhaps mean that you would accept adopting the simple proportional system?

Answer: Our party has an expressed position for the reinforced proportional system as it prevails today. But in any case we are obliged to discuss anything that is proposed. However, what we will not accept under any circumstances is an electoral law cut and sewn in the measurements of the party that is now in power, and, indeed, at the last minute.

5671

CSO: 3521/341

## SUSPICIOUS VISIT TO ALGERIA BY SARAIVA DE CARVALHO

Lisbon TEMPO in Portuguese 2 Aug 84 p 40

[Text] According to sources close to the Criminal Investigation Police, Lt Col Otelo Saraiva de Carvalho's trip to Algeria in April was more than just a tourist visit. During that visit, Otelo reportedly also traveled to the "liberated territory" of the self-proclaimed Saharan Democratic Arab Republic, where guerrilla training camps for extremists of various nationalities are proliferating.

Investigators are now trying to clarify details related to that visit by Otelo, who spent several days in North Africa. The POLISARIO [Popular (Front) for the Liberation of Saguia el Hamra and Rio de Oro (Western Sahara)] Front, a guerrilla organization fighting for the independence of Spanish Sahara, which has been partially annexed by Morocco, depends on Libyan financing to maintain its ability to operate. If Otelo's visit to the POLISARIO camps is confirmed, it will be another piece in this puzzle that will perhaps help to clarify the international ties of FP-25 agents.

Police forces are now trying to locate an individual to whom they attribute an important role in the "operational ability" of FP-25 forces. He is a "commando" officer who allegedly participated in the cleanup attempt of Major Jaime Neves, then commander of the Commando Regiment, in mid-August 1975.

According to police sources, it is possible that he will be apprehended soon. It may be recalled that the official who led the cleanup attempt of Jaime Neves, Capt Matos Gomes, is now in Angola where he is an instructor for the Angolan Army's Special Forces.

In the meantime, as TEMPO noted first-hand on Thursday, Mouta Liz, an official of the Bank of Portugal and leader of FUP (Popular Unity Force), is officially on sick leave. He did not return to his job and suspicions are growing that he has chosen the neighboring country as a temporary refuge, as have principal FP-25 members from the northern part of the country. According to police sources, most of the FP-25 activists still at large have escaped to Spain by taking advantage of the intensive movement of immigrants and tourists at this time of the year. Spanish authorities have been advised of this fact and have been keeping a close watch on Portuguese citizens residing in Spain, a task complicated by the large number of Portuguese nationals who are there illegally.

## FP-25 APRIL FORCES REPORTEDLY ATTEMPT NEGOTIATIONS

Lisbon O JORNAL in Portuguese 3 Aug 84 p 36

[Excerpt] FP-25 operatives still at large have reportedly tried to contact someone connected with the Ministry of Internal Administration [MAI] recently in order to establish negotiations that would lead in particular to their eventual surrender to authorities in exchange for a broader application of the attenuating provisions of the new Penal Code.

This report was confirmed to us by a high MAI official, who would be the contact with the FP-25 intermediary should such a meeting take place. The same source confirmed to us that the name of the intermediary, an attorney, is correct. For obvious reasons, we cannot reveal that name.

The meeting was to be held slightly more than a week ago. The MAI "envoy" waited for the FP-25 forces' intermediary, who failed to appear for unknown reasons.

According to one of our sources, there is a sound basis for the report (which came out right after the operation against the FUP [Popular Unity Force]) that about 30 individuals said to be FP-25 agents would surrender if they were given firm guarantees that their sentences would be significantly reduced. This situation is similar to what happened with the "penitents" of the Italian Red Brigades.

Our source also stated that this possible surrender of FP-25 agents has aroused a great deal of attention among the MAI's legal staff, who are also studying all of the legal ramifications that such an action would involve. An MAI source reminded us that Justice Minister Rui Machete guaranteed, in public statements, that "understanding" would be shown for those who surrendered voluntarily. The same source noted that this is also the position of Internal Administration Minister Eduardo Pereira, adding that in accordance with the new Penal Code, sentences could be substantially reduced or even suspended in certain cases.

About 2 weeks ago, very well-informed MAI circles learned that an intermediary for FP-25 agents in hiding would be interested in discussing with some official representatives the legal conditions for surrender. It is

unknown whether this group is the same one or whether they are members of the group of 30 individuals who reportedly attempted to negotiate 2 days after the political attack.

Our sources differ on this point. According to some, that intermediary (who cannot be suspected of any ties with FP-25 forces, as he is only a jurist) simply did not show up at the meeting.

According to other sources, also present at that meeting was one of the FP-25 's leaders, who allegedly withdrew only because the PJ [Criminal Investigation Police] appeared in the vicinity, thus rendering that contact ineffective.

The same source added that there have probably been other contacts, which has been flatly denied, although previously, by an MAI official.

Similarly, the PJ, through its official representative for press relations, informed us that Dr Carlos Picoito, PJ general director, denied that there had been any involvement in this "operation." One of our sources also told us that the Ministry of Justice was indirectly involved in the process.

According to official sources, who assert that there was never any official contact, it is up to FP-25 members in hiding to resume the proceedings for a possible surrender. Finally, an MAI source expressed doubt that there was any real intention to negotiate on the part of FP-25 operatives.

#### Otelo's Cars

We wrote in our last edition that five vehicles registered in Otelo's name had been confiscated. We still believe the report is true, as it has been reconfirmed despite newspapers citing an unspecified PJ source calling it a false report.

When we contacted the PJ Press Office, we were told that "the confiscation of five automobiles registered in Otelo's name cannot be confirmed, but we are authorized to confirm the confiscation of only one."

As yet we have not received any official denial by any party: Otelo's lawyer or the Criminal Investigation Police.

The confiscation that we reported concerned vehicles used, as is normal, in the campaign of the FUP, a legally registered political party.

11915

CSO: 5600/2631

## DIVERGENT VIEWS BETWEEN PCP, DIARIO DE LISBOA REPORTED

## PCP Loses Influence

Lisbon TEMPO in Portuguese 16 Aug 84 p 4

[Text] Working conditions at the evening newspaper DIARIO DE LISBOA have been deteriorating for some time, and all indications are that the reasons are political. It seems that the Communist Party, which until some time ago was very dominant there, is losing its position.

The DIARIO DE LISBOA is a newspaper with great democratic traditions, and some of Portugal's most brilliant journalists of the past 50 years have worked there.

A conflict between two journalists, with interventions at various levels, is apparently what caused a situation that had been building up silently to boil over.

Joao Mendes, the current editor in chief, and Ribeiro Cardoso had a falling out, apparently over professional issues. Ribeiro Cardoso was suspended for 80 days with pay, and management then gave him a 10-day penalty. The full editorial staff expressed its opposition to the lengthy preventive suspension, but was totally silent concerning the penalty itself. There was then a confrontation between the DIARIO DE LISBOA and O DIARIO. In the meantime, all indications are that there will be various other signs of trouble over the next few days, since the CP is probably not inclined to let a newspaper with the prestige of the DIARIO DE LISBOA leave its orbit completely.

Moreover, the assistant editor of the evening newspaper himself, Piteira Santos, a man who has carried out his professional duties brilliantly, was reportedly the first to move away from the CP and draw closer to General Ramalho Eanes.

The DIARIO DE LISBOA has no major financial problems, even though its advertising section is showing the effects of the crisis and the need exists to be more aggressive since the newspaper, as a private business, does not receive government subsidies.

Its relative financial ease is due to the fact that its well-equipped printing house sets up and prints the triweekly GAZETA DOS DESPORTOS, which is owned by a group of businessmen in the northern part of the country, and also prints SEMANARIO.

The conditions for the DIARIO DE LISBOA's survival may grow worse if Marcelo Rebelo de Sousa acquires the company publishing the JORNAL DO COMERCIO, since it would no longer earn revenue from printing SEMANARIO. If that happens, it will be one more private newspaper entering the danger zone as far as survival is concerned, thus joining the evening A TARDE and the morning O DIA in Lisbon, as well as Porto's morning newspaper O PRIMEIRO DE JANEIRO.

#### Rank and File Loses Confidence

Lisbon SEMANARIO in Portuguese 11 Aug 84 p 9

[Article by Jose Teles]

[Excerpts] Times change, and so do desires: the DIARIO DE LISBOA no longer wants to be the PCP's "protege." Its editors are talking very big: Ruella Ramos and Piteira Santos have taken the liberty of publishing a "navigation warning" that is a genuine provocation to the entire PCP "agitprop," including O DIARIO. Things are going badly when Miguel Urbano Rodrigues in the morning is contradicted by Fernando Piteira Santos in the evening. The fact is that party members read the DIARIO DE LISBOA: they only buy O DIARIO--when they buy it--as a matter of duty more than anything else.

This is serious. Very serious. People are beginning to be heard saying: "I belong to the PCP, but I don't wear an eyeshade." In addition to the "truth to which they are entitled," Communist party members are beginning to think that they are even entitled to all truth. That is dangerous. All the more since, in a time of economic crisis, many of them are not inclined to spend 30 escudos twice. Instead, they choose very calmly to buy the DIARIO DE LISBOA, which at least contains news, rather than O DIARIO, which does not go beyond the words of command. "Leagues of friends of O DIARIO" are now being formed, and dramatic appeals are being made. There are fines, indemnifications, and court costs to be paid (Miguel Urbano is now beating Vera Lagoa when it comes to court convictions). And party members are tending to shrug their shoulders, since "when the crisis comes, it is for everybody."

#### Piteira "Winking" Too Much at Belem Palace

It remains to try to understand how a man like Piteira Santos, so close to the PCP, can be causing Soeiro Pereira Gomes so much nausea. We asked everywhere: "Did you notice that defense of the ban on reports concerning UNITA [National Front for the Total Independence of Angola] by the RTP [Portuguese Television System] on the grounds of the higher interests of our relations with the People's Republic of Angola? Didn't you like that panegyric on Bulgaria that resembled paid advertising more than anything else? Don't you appreciate those sharp accusations concerning the government every day of the week? And how about that fervor in defending everything the president of the republic does?"

That is where the rub is, we were told. In the PCP's opinion, Piteira Santos is winking too much at Belem Palace. And while it is true that he has "fallen into line" with his criticisms of Barata Feio, the RTP, and the government, as was proper, he did not prevent Joao Mendes from publishing an article in direct



opposition to his own in the same issue. And he allowed Beja Santos and Soares Louro to publish an article in response to O DIARIO: it was calling us "god-fathers" of the new party. And Piteira Santos himself is also "defrocked" as well as being a "renegade" and the first husband of Candida Ventura, whose book is the toughest piece of kibitzing to swallow that we have had in this vacation season.

That being the case....

11798

CSO: 3542/117

## PCE'S IGLESIAS INTERVIEWED ON POLICY, PARTY CRISIS

Madrid YA in Spanish 5 Aug 84 p 10

[Article by Enrique Beotas]

[Text] In spite of his impeccable suit, his immaculate tie and his air of a Harvard student, Gerardo Iglesias is a worker who at the age of 12 carried bricks, mixed plaster and who, from the age of 18 on, went down into mines day after day with a pick in his hand, never seeing the light of day.

The paradox began upon arrival at the PCE [Spanish Communist Party] headquarters on Santisima Trinidad Street.

As we sat on portable stools, he says, "Listen, if the government does not make an important change in economic matters, this autumn we will be putting all the meat on the grill." Gerardo Iglesias' concern is just this: "An economic policy which does not create jobs." But since his statement about "putting all the meat on the grill" was not clear to me, I went back to that: "Quite simple," he said. "It means that we will bring into play every resource within the framework of the democratic game, that we will begin a process of very serious mobilization."

This is an announcement of a hot fall, but this expression does not seem to please the secretary general of the PCE.

"What I do not like," he says, "is to simplify situations with cut-and-dried expressions. I am not talking about a hot fall but of the inescapable need to follow a different economic policy which will stimulate and create jobs. I am definitely saying that if this is not done, we will resort to mobilization, whatever the consequences may be.

[Question] Does that mean that the Socialist Government may face a call for a general strike by the PCE?

[Answer] A general strike is a major step. A general strike is aimed at demolishing great structures but what we seek is change, not demolition. When I speak of all-out mobilization, I am talking about gatherings such as that of 3 June in protest against our joining NATO.

## The Battle of NATO

[Question] A few days ago a "round table for peace" was established in Madrid in which the PCE has an important role. Do you think there is a chance of making headway with its demand for a referendum on Spain's integration into NATO when the parliamentary parties are, in the majority, against such a referendum?

[Answer] Not all the parliamentary parties take the position of not wanting a referendum. In spite of the utilization of the communications media, the polls continue to show that there is not only a majority of leftist voters, but that also among the rightists there are many who want a referendum to be held. In this country, we are already fed up with having to yield to the power of the Americans. We have here a government supported by 10 million Spaniards and no one from the other side of the Atlantic can question its legitimate right to hold a referendum on our joining NATO.

[Question] What alternative do the Communists propose?

[Answer] In the camp of the non-aligned nations, Spain would have an important leadership role. One must take into account that alignments contribute to bloc dynamics and therefore exacerbate the nuclear problem to the utmost. Bipolarization is bad not only because of the risks of confrontation involved but because it is also a restraint on governments who end up by not having any say.

[Question] Do you not believe that the PCE stands alone on the NATO question?

[Answer] No. According to all the polls, the PCE is on the side of 70 percent of the Spaniards on this question.

## A Thousand and One Crises

[Question] What are Gerardo Iglesias' greatest concerns?

[Answer] The depth of the current crisis, a crisis which is worldwide, a crisis of values, of systems. The capitalist system has sprung leaks on all sides. There are also the problems of unemployment and of international politics which are a true disaster. Finally, there is the concern that after the formation of that bloc supporting change on 28 October it appears that the bloc is breaking up. Proof of this is the enormous labor dispute on economic policy. A lot of demagoguery is going on and that will have its repercussion in the decomposition of the social fabric. Look at the contradictions within the Socialist Party itself, within the UGT [General Union of Workers] and within the government where attempts have been made to confront a crisis which has ended. In practice, and the Catalonia elections are an example, an important sector will not vote because they find themselves cheated. We are already hearing frequently the statement, "They are all the same, the leftists too..."

[Question] You speak of crisis in the government, in the system, but not of a PCE crisis.

[Answer] I think it would be wise, in that we are members of that group which upholds the democratic system, to begin to talk of the PCE not solely in terms of crisis. Do not think that what I say is defensive because I am one of those who believe that the best one can do is to acknowledge all situations because otherwise, it is difficult to come to grips with them. There has been a very profound crisis in the PCE which lasted a long time, but one can no longer speak in those terms.

[Question] But look at Ignacio Gallego and Jaime Ballesteros. Do you not think that those two names are sufficient indications of a profound PCE crisis?

[Answer] In Ballesteros, there are profound contradictions; his positions are not very clear. Besides, we must look to the future, not the past. If the PCE is to be something more in Spanish life, if it is to have influence in the country's politics, it must open up and develop a great capacity for renewal. That is the road away from a crisis in a party.

[Question] Does Gerardo Iglesias believe that the PSOE [Spanish Socialist Worker's Party] is in a crisis?

[Answer] It seems evident that there are profound contradictions within the PSOE. There are rank and file Socialists and Socialist leaders who are holding their heads in their hands. What doubt is there that a problem such as whether 800,000 jobs have been created is entirely debatable and controversial? Now, the calling of a referendum on NATO is a problem of political choice and ethics.

To Be a EuroCommunist

[Question] What does the term "Eurocommunism" mean to Gerardo Iglesias?

[Answer] As a term it is not very precise. Personally, I am so much in agreement with its contents that I will not renounce them. I say this without equivocation. Obviously we did not coin the word, but call it what you may, it is our strategy and it is so because there is no other. The Soviet model is not valid, nor is that of the social democrats because they do not make fundamental changes.

[Question] The PCE is said to be less in opposition to the UCD [Democratic Center Union] than to the PSOE. How much truth is there in this?

[Answer] That is a fallacy which they are attempting to use. The situation is not the same as when the Moncloa pacts were signed. It is an oversimplification to make such a statement with regard to times of strikes or of mobilization. No one can argue, in the past or in the present, that the PCE has made abusive use of work stoppages. The case is that we are in head-on opposition to a socialist government which follows a policy directed toward inhibition and relegation to the fringes.

[Question] How does Gerardo Iglesias regard the political course?

[Answer] With a very critical spirit. By comparing the facts with the PSOE promises one can verify that the government has not kept its basic promises which were directed against the most sensitive problems of the country. I refer especially to the economic crisis and to unemployment. In general, we have no prospect for change, not only as to international and economic policy but in all the other matters. If we review its program, there is a flagrant nonfulfillment. In conclusion, a shift to the left is necessary.

9204

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## ARMS SALES TO BOTH IRAN, IRAQ CAUSE STIR

Lisbon SEMANARIO in Portuguese 11 Aug 84 pp 4-5

[Article by Edgar Andrade]

[Text] Restructuring all or part of the public-sector arms industry is a matter of routine administration for any government, with the result that it is a subject destined to be ignored or minimized. Besides, our arms industry has been experiencing noticeable improvements in recent years, so no remarks seem called for concerning its importance and the need to keep it permanently up to date. The result is that when there began to be persistent talk about restructuring INDEP [National Defense Industries], that fact passed unnoticed by the ordinary observer. The relevant draft decree-law, carefully prepared for evaluation by the Council of Ministers, was aimed at taking a step toward reorganization of the national defense industry. Drawn up in the Ministry of National Defense, it has been examined closely by the secretary of state for national defense himself, Figueiredo Lopes.

What is the chief purpose of the legal document concerning INDEP?

Basically, to guarantee INDEP's operational dependence on the government by ensuring that its activities are in harmony with the direction taken by the government's domestic and foreign policies.

According to a number of sources close to the Ministry of National Defense, the proposed legal revision would not include a later change in managers.

Other sources hazard the guess, however, that members of INDEP's current management board may be replaced, not only as a direct consequence of the revised statutes but also because of the need to "revive" the government's confidence in that management.

All of this is based on the presupposition that implementation of the proposed legal change will have the support in principle of the Ministries of National Defense, Finance and Planning, and Industry and Energy. Without their approval

(and that of the prime minister), the proposed change in the statutes itself would not become a reality.

Why the Uproar at INDEP?

Why this urgency to reformulate INDEP's statutes to make its purposes more clearly identical with the government's political line?

The idea is not a new one, and all indications are that its urgency has to do with a recent episode that caused talk in diplomatic circles accredited to Lisbon.

INDEP had been selling arms, and especially ammunition, to Iraq. It was also learned (and reported) that the same INDEP had been doing business with various groups supplying Iran with military materiel, using Trafaria Explosives and the North Importing Company as its channels for that purpose.

It happens that a controversial situation existed just recently in which shipments for both countries had been accumulated. Shipments for both Iraq and Iran were being loaded simultaneously in the port of Lisbon. It thereby became obvious to the belligerents--Iraqis and Iranians--that Portugal was selling arms to both sides in the conflict. There was no room for doubt or for the speculations that always surround secret business deals of this kind.

Iraq Does not React, Iran Does

When this strange situation of simultaneous and conspicuous arms sales to both of the direct participants in the prolonged war between Iraq and Iran by a state-owned enterprise became known, a question immediately flitted through diplomatic circles: how might the two states react?

So far, nothing has been heard from Iraq. But in Iran's case, the reaction was immediate and forceful.

Actually, Iran's reaction had a lot to do with the public disclosure of the contracts for supplying war materiel to that country. The fact is that the Iranian Army itself had ordered ammunition from Portugal, with the North Importing Company serving as the middleman in the sale, as SEMANARIO was the first to report. And parallel with the negotiations for those supplies, the same INDEP had arranged and executed another supply contract for Iran through Trafaria Explosives.

The Iranians were not at all happy with the public nature of the double contract or, even less, with the knowledge that military materiel was being shipped simultaneously to both Iraq and Iran.

Khomeyni Very Displeased

To begin with, it was the minister in the Iranian Government concerned with the matter who reacted unfavorably and tried to inquire in Lisbon as to what was going on. Ayatollah Khomeyni himself is then reported to have expressed his

displeasure, and the result may be that the contracts for arms purchases in Portugal will be suspended.

Iran had interpreted Portuguese willingness to sell arms as a symbolic gesture much more than it had viewed it as an indispensable means of obtaining arms. The bulk of the imports from Portugal consist of ammunition, especially light ammunition, that could easily be obtained in other markets.

It is true that some transshipment--that is, importing and reexporting through Portugal--had involved more voluminous and more sophisticated materiel. And although Portuguese authorities are miserly with the required permits, the fact is that by all indications, our country was and is the one used in those operations involving arms supplies for Iran.

Incidentally, close relations between Israeli and Iranian generals have been intensifying in recent years, as has strategic intervention by the former in the training of Iran's Armed Forces. But no matter how much attention is deserved by arms sales by Portugal and through Portugal to Iran, they are insignificant as far as Iran's overall war effort is concerned.

The important thing about those sales--according to a qualified Arab source interviewed by SEMANARIO--is "the sign of friendship and cooperation between the two states." That cooperation goes back a long way: it even antedates the changes in political system experienced by both countries.

It is the contradicting of that "sign" which reportedly caused the negative reaction on the part of Iranian authorities, who are offended by the identical treatment being accorded both Iran and Iraq--treatment that is conspicuous into the bargain.

#### Government Could not Intervene

When questioned about the matter, Portuguese authorities all gave the same answer: the government could not intervene by overriding or replacing INDEP, an enterprise whose statutes protect its autonomy.

Moreover, it would not be legitimate to try to attribute to the Portuguese Government a specific political intention in relation to the mere supplying of ammunition by an enterprise enjoying a respectable degree of decisionmaking power on its own and independence in business matters.

That formally insurmountable argument supposedly silenced all adversaries, especially those who wanted INDEP's management to reflect an official Portuguese political attitude and even those who were questioning the policies and very makeup of the enterprise's management board.

In the face of the complaints from the Iranians, the only thing left was to challenge INDEP's legal status and revise it to provide more government control.

Reportedly, that is the purpose of the draft document being prepared for submission as soon as possible to the Council of Ministers, the clear objective being to allow no delay in putting it into effect.



## Will Managers Leave or Will Iran Take Action?

In the best-informed circles, there are those who feel that the episode of Khomeyni's anger helped accelerate or even sparked the revision of INDEP's statutes and that the revision is inevitable, no matter how long it takes to put it into effect. The government, by signing it, and the president of the republic, by promulgating it, would be showing a concern to clear away clouds in the relations of long standing between Portugal and Iran.

There are even those who predict a possible change in INDEP's management personnel after the legal changes take effect.

But opinions differ. There are those who think that Ayatollah Khomeyni's reaction and the temporary hitch in Portuguese-Iranian relations do not, in themselves, justify such substantial repercussions.

It remains to wait and see what will happen. What status (revised or not) will INDEP have? Which leaders will be responsible for its management? Basically, what importance does the Portuguese Government assign to the Iranian reaction, and that is almost the same as saying: what importance does it assign to Ayatollah Khomeyni's scowl?

11798

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## RESOURCES, NEEDS OF ARMED FORCES LISTED

Lisbon O DIABO in Portuguese 14 Aug 84 p 9

[List of resources and needs in each branch of the Armed Forces]

[Text] Resources

Army: 41,000 men, 1 motorized brigade, 1 light airmobile brigade, 2 cavalry regiments, 12 infantry regiments, 1 commando regiment, 4 artillery regiments, 2 engineer regiments, 1 signals regiment, 1 special forces battalion, 3 independent infantry battalions, 4 support battalions, and 1 military police regiment.\* Sixty medium tanks (M-47, M-48A5), 140 armored reconnaissance vehicles (EBR, AML, and Ferret), 200 armored personnel carriers (M-113 and Chaimite), 30 5.5-inch guns, 62 105mm and 155mm howitzers (M-101A1, self-propelled M-109A2), 200 mortars (107mm, 81mm, 120mm, and self-propelled 81mm), 250 recoilless rifles (90mm and 106mm), 100 SS-11 and TOW antitank missiles (some self-propelled), antitank rocket launchers (LAW's and RPG's), 39 coastal artillery guns (150mm and 234mm), 88 antiaircraft guns (20mm Rh202's, 40mm Bofors L-60's), and surface-to-air missiles (SA-7?).

Navy: 13,000 men (including marines), 3 Albacora class submarines (12 55.0mm torpedo tubes), 7 frigates (4 Joao Belo class with 3 100mm guns and antisubmarine weapons plus 3 P. Silva class with 4 76mm guns and antisubmarine weapons), 10 corvettes (4 B. Andrade class with 1 100mm gun and antisubmarine weapons, 6 J. Coutinho class with 2 76mm guns, antisubmarine weapons, and helicopter landing pad), 10 Cacine class large patrol craft, 10 coastal patrol craft, 4 coastal minesweepers, 14 landing craft (LCT's, LCM's, and LCA's), and 2,687 marines with Chaimite armored vehicles, amphibious transport, mortars, recoilless rifles, and rocket launchers.

Air force: 9,500 men (with paratroopers), 3 ground attack squadrons (20 A-7P Corsairs, 50 Fiat G-91 R.3's, R.4's, and T.3's), 1 operational conversion flight (12 T-38 Talons), 1 reconnaissance squadron (4 CASA C-212B's), 3 search and rescue squadrons (6 C-212's, 12 SA-330 Puma helicopters), 2 transport, assault, and antitank helicopter squadrons (40 Alouette III's), 2 transport squadrons (5 C-130H's, 12 C-212's), 2 liaison squadrons (32 Cessna FTB-337G's), and 3 training squadrons (G-91's, T-37's, Chipmunks, and Al.III's). Sidewinder

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\* Parts of the units listed make up the new light airmobile brigade.

AIM-9B FWG Mod 2 air-to-air missiles (500), SNEB rockets of various calibers (air-to-air, surface-to-air, and antitank), and 1,800 paratroopers (1 battalion, 2 companies) with rocket launchers, mortars, Ferret armored vehicles, and recoilless rifles.

#### Needs

Army: Antitank weapons (TOW, Dragon), antiaircraft missiles (short- and medium-range of the Blowpipe and Crotale types), night vision equipment, and NBC (nuclear, biological, and chemical protection) equipment. Possibility of domestic manufacture of second-generation antitank weapons and armor.

Navy: Modernization of frigates and corvettes with 4 Exocet surface-to-surface missiles for the Joao Belo class, Sea Sparrow (or Aspide) sea-to-air missiles, Harpoon surface-to-surface missiles, and 1 helicopter for the J. Coutinho and B. Andrade classes, and ASROC-type antisubmarine missiles and 1 helicopter for the Pereira da Silva class. Possibility of domestic assembly of some of that equipment.

Air force: Modernization of Sidewinder missiles or the procurement of F-5 interceptors or of Sparrow medium-range missiles, equipping the fleet of Alouettes with TOW or SS-11 antitank weapons or the procurement of new helicopters of the A-109A type, equipping the T-38 squadron with special kits (that can be manufactured domestically), the procurement of maritime patrol and attack aircraft (P-3 or Viking type), and as a possible option, VTOL aircraft of the Harrier type for protection against continental invasion.

11798

CSO: 3542/117

## SPANISH THREAT ASSESSMENT OF RABAT-TRIPOLI MERGER

## Indifference in Ceuta, Melilla

Madrid ABC in Spanish 23 Aug 84 p 17

[Text] Madrid—The Morocco-Libya union pact, which must be ratified by the Moroccan people in a referendum next 31 August, poses a potential threat to Spain. Although the Alouite monarch claims that it is not going to be used against anyone and its objective is the unity of the Maghreb, it is interpreted as a response to the friendship agreement signed between Algeria, Libya and Tunisia.

Residents of Ceuta and Melilla are absolutely indifferent to the statements made by King Hassan II in his televised speech last Monday on whether the two cities will remain under Spain's control. The Alouite monarch's words, referring specifically to Ceuta and Melilla as "our northern cities that are still occupied," were completely disdained by the people of Melilla and Cueta, who are used to this kind of assertion by Hassan II.

There has been no official reaction from either the political parties or any other entity, because in both cities the statements have been expected ever since the union agreement was signed by Hassan and Qadhdhafi last 13 August.

## Normalcy and Indifference

This feeling of normalcy and indifference was entirely confirmed by Manuel de Castro Meijides, acting delegate of the government in Ceuta. "Here," he said, "there has been no reaction; the city is characterized by tranquility, as on other occasions." "We have the Constitution," he emphasized, which clearly states where Spain's borders are."

The statements by the government's acting delegate to Ceuta, reported by the press agency EFE, are based on the fact that the treaty signed by Libya and Morocco states in its Article 9 that its objective is to strengthen the ties of friendship, and at no time is there any indication that it is aimed against anyone in particular. With respect to Hassan II's speech, Manuel de Castro Meijides declared that "we already know that they have been laying claim to Ceuta and Melilla forever, but that is their problem."

The treaty for the union of the two countries, signed by Hassan II and Libyan leader Khadafy last 13 August in the Moroccan city of Udxa, makes no explicit reference to the cities of Ceuta and Melilla. However, when the Moroccan monarch called for a referendum last Monday so that his people could ratify the agreement, he alluded explicitly to these Spanish cities in stating that "my honorable father liberated our dear fatherland, with you and for you. The Almighty has decided that your servant, son and disciple of the mourned Mohamed V, should undertake to recover the territories that are under occupation; he has never forgotten the northern cities that are still occupied."

This Moroccan demand, a habitual feature of Hassan II's speeches, does not seem to be causing any concern in Ceuta and Melilla, and a conflict over the fate of the two cities seems a remote possibility.

#### Defense Policy Change Urged

Madrid DIARIO 16 in Spanish 23 Aug 84 p 4

[Article by Fernando Reinlein]

[Text] Madrid—The pact between the states of Libya and Morocco, which includes a clause calling for mutual defense in case of aggression against one of the two countries by a third party, has caused a certain amount of surprise in Spanish military circles. When asked by DIARIO 16 about the matter, military sources stated that "In the strictly military sphere, Spain should be very cognizant of this change in the correlation of forces when it comes time to plan defense policy for the region south of the Peninsula."

Defense experts contacted by this newspaper made it very clear that their assessments were "strictly military," and that they were not taking into consideration any political concerns.

It would seem logical, according to these sources, for the Spanish General Staff to revise Spain's defense policy, which has always regarded North Africa especially warily, in terms of a new assessment of the "risk and threat" factors, given that our theoretical neighbor has one of the most powerful armies in North Africa.

This power, however, which seems inordinate if one considers just the difference in the number of weapons, is not so overwhelming if one looks at the difficulties and commitments Qadhdhafi faces in putting his military machine in motion. It is in the hands of foreign "advisers," and furthermore, no one knows what losses the Libyan army has sustained in its war with Chad.

Spanish experts see one key point in comparing the two military forces: Morocco and Libya both have armed forces trained and hardened during times of war, while the Spanish armed forces, having undergone a long period of peace—"speaking from a strictly military standpoint"—are rustier and would be more difficult to mobilize for high performance under combat conditions.

## Two Factors

The Spanish chiefs of staff feel that our defense policy—the Joint Strategic Plan (PEC) is still open—should not change in terms of its emphasis on North Africa in particular, but it should change qualitatively in terms of two specific factors: In the first place, we have a new, more powerful neighbor, which increases the threat. Secondly, Col Qadhdhafi's regime is not as stable as those of his neighbors, which are natural allies of the West, and Spain belongs to the West.

Therefore, no major qualitative change is foreseeable, although the initial proposals, including assigning more forces to the south of the Peninsula (which began years ago under the Ballesta Plan) and accelerating the modernization of our Air Force, will be reinforced.

## Air Power

While the Libyan Air Force is powerful in numbers but very dependent on foreign pilots, the Spanish Air Force has Phantom jets which are practically unusable, and the F-18 jets under the FACA [expansion unknown] Program will not begin arriving until 2 years from now.

In the political sphere, two issues should be debated, according to the experts consulted by this publication. One of them is the certainty that Hassan II, an ally of the West, would not take such an important step without Washington's knowledge; the other is the enormous debt Libya owes to the United States. Some political sources consulted by this newspaper do not reject the notion that this apparently unnatural pact between states signed by Hassan and Khadafy will become an element of pressure against Spain to define its position on NATO as soon as possible.

It so happens, though, that Ceuta and Melilla, mentioned specifically by Hassan in his televised speech--without anyone asking him about the matter--are not within NATO's defensive orbit. This means that if a conflict were to arise in this area, even if Spain does remain a full-fledged member of the Atlantic Alliance, it would be left alone to face any situation that might occur. Moreover, it would not be able to count on U.S. assistance, since Morocco is a friend of the United States.

The military experts consulted by DIARIO 16 placed special emphasis on the fact that any conflict with Morocco and Libya is a remote possibility, but they hastened to recall that in military thinking, one always considers the most dangerous hypothesis, no matter how unlikely.

## Algiers

Another country also seems to be in disagreement: Algeria. Algeria wasted no time in criticizing the pact between states, affirming that the policy of regional axes serves only "tactical considerations or short-term concerns."

In a statement by the Executive Committee of the National Liberation Front (FLN), headed by Algerian Chief of State Chadli Benyedid, it is noted that the

pact will disrupt efforts made so far in the Maghreb to achieve unity. The statement stresses that the establishment of the Great Maghreb cannot become a reality until the people of the Western Sahara enjoy full national rights, as other peoples do.

This assertion, which once again places the Sahara and the Polisario Front on the crest of the wave in the Maghreb, is attenuated by Algeria when the FLN communique states that it is willing to "facilitate reconciliation between the brother peoples of Morocco and the Western Sahara."

In the new scheme of things in the Maghreb, Spain can also not afford to forget, according to the experts consulted by this newspaper, that the issue of Saharan gas and Algeria is of primary importance to Spain. If the union between Morocco and Libya bears fruit--which is highly unlikely, incidentally--this country would be caught in a vise between Qadhdhafi and Hassan.

8926

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## ARMED FORCES EFFECTIVENESS SUFFERS FROM POOR TRAINING

Stockholm DAGENS NYHETER in Swedish 13 Aug 84 pp 1, 8

[Article by Ake Ortmark]

[Text] The Swedish military lacks effectiveness and its preparedness is low. Both internal and outside observers are criticizing the Swedish military harshly.

Many observers DAGENS NYHETER spoke with about the effectiveness of our military give extremely low marks to entire organizations and systems.

There are many problems in our defense system: the poor quality of recruit training has been pointed out for decades, military thinking is described as old-fashioned, and the productivity of the army has not increased, despite all efforts in that direction.

"The military authorities have a difficult time just looking over their own finances," said Elisabeth Uddenberg, commissioner of the National Accounting and Auditing Bureau (RRV).

There are only a few bright spots in the bleak picture painted by the critics. These include the "Carl Gustaf" model 48 antitank rifle and the Bv 202 cross-country tracked vehicle. This equipment was used with great success by the British army against the Argentine military during the Falklands War.

## Large Gaps In Swedish Military

The effectiveness of the Swedish military is low and its preparedness is insufficient. Both military leaders and politicians are worried. A bleak picture has been painted by both internal and outside observers. There are a few positive exceptions. For example, Swedish weapons proved effective during the Falklands War.

The "Carl Gustaf" model 48 antitank rifle and the Bv 202 cross-country tracked vehicle are used regularly by the British army. According to several sources, they were used with great success during the war over the Falkland Islands. "Carl Gustaf" is actually an antitank weapon, but it has proven effective also against fortifications. The Swedish military intelligence service is also praised by critical observers. It is considered a significant success that Swedish experts managed to crack the Soviet cryptosystem, i.e. the Soviet secret



code, after the U 137 went aground in the Karlskrona Archipelago.

#### Good Picture

During recent incidents in the waters off Karlskrona, specialists have obtained a good picture of how foreign powers seek to confuse our military by using "decoys," i.e. electronic equipment that puts out false submarine signals in the form of "pulses," or shock waves in the water.

In several cases, the military has made direct contact with foreign vessels during submarine hunts. Helicopter hydrophones made a "direct hit" on an intruder's hull. This brief position of superiority could not be utilized, however, because the required weapons were not available or were not permitted to be used.

The unsuccessful submarine hunt is only one example of shortcomings in military effectiveness that concern military leaders and politicians.

#### Demands

Last Sunday the navy concluded the demonstration of its antisub resources. This topic is dealt with elsewhere in today's newspaper. These resources are gradually being improved, but demands on them have also risen sharply.

The leadership of the Social Democratic Party has also reconsidered its defense policy. This became clear recently when Defense Minister Anders Thunborg presented guidelines from the Executive Committee of the party on defense issues, to be discussed at the party congress this fall.

The party is no longer considering real reductions in defense spending.

"The situation is tense and we have changed our position," Thunborg explained. He has been influenced by increased pressure against the Nordic countries, developments in military technology, and intrusions into Swedish waters.

#### Problems

There are many problems within the military:

Weaknesses in the basic training of recruits have been pointed to for decades. "The training period could be reduced by 3 months," one RRV official said.

The military could save billions by using better financial systems, the same RRV source said. "The authorities have no incentive to save money."

It often takes twice as long to construct a building for the military as it would for a government agency. This was indicated in an RRV report.

Many have described military thinking as old-fashioned. RRV demands for systematic evaluations are often dismissed because an "experienced military

officer" can tell from observation what is good and what is not.

The productivity of the army is not increasing, despite all its efforts. This was indicated by an FOA (Defense Research Institute) report that was obtained by DAGENS NYHETER.

#### Submarines

The military has been unable to stop the submarine intrusions. Foreign powers have access to Swedish territory and even to the waters around our bases. "We are chasing submarines with pitchforks," one naval officer said.

In a state of desperation, one high-ranking officer, former adjutant to the commander in chief Ninian Ramel, is giving up the sinking ship of the Swedish navy. "We no longer have an effective fleet," he told DAGENS NYHETER.

DAGENS NYHETER has gone through studies and memoranda and discussed the problem of military effectiveness with Swedish and foreign sources. The results of this study will be presented in several articles.

Some of the criticism of the military has been harsh. Commissioner Elisabeth Uddenberg of RRV said, for example, that military authorities have great difficulty even understanding their own finances.

#### Low Marks

Thus, at times, critics have given low marks to entire organizations and systems. Much of the criticism comes from the military itself: "We cannot chase submarines inside the islands," Comdr Frank Rosenius said during an earlier submarine hunt. The leadership and coordination are faulty, sometimes because of struggles for prestige within the military.

The unsuccessful submarine hunts are the dominant theme in both the public and internal debate over the military, even though everyone knows that submarines are as difficult to catch as shadows.

For the first time in almost 200 years, Swedish military forces are being tested under realistic conditions. Everyone who is looking for material upon which to judge the military is studying recent events carefully.

#### "Direct Hits"

On several occasions the intruders were close to being caught. There have even been some "direct hits," although these have been with hydrophones only, according to a high-ranking military source.

On one occasion a helicopter was flying over the water, sweeping the area with its listening device. A bang was heard--the hydrophone had made a direct hit on an underwater vessel.

Another time, the hydrophone landed right on a submarine when the instrument was lowered into the water.

Thus, for a few frantic seconds, the Swedish military had the upper hand. A close encounter of the first kind had been established.

But the target could not be attacked. The proper weapons do not exist or they were not available or the Swedes were not permitted to use them.

#### Dimensions

The problem of effectiveness in the military has many dimensions. The military defense system is a security and foreign policy tool. This is a restriction that forces the military to perform a balancing act over deep water.

So far, no Swedish head of state has dared to say, "Sink the sub if you find it." Even with the tougher new guidelines, the goal still is to "force the intruder up to the surface."

According to a leading Social Democrat, dozens of dead Soviet soldiers resulting from Swedish military action in times of peace would be a nightmare. Sweden would be forced to enter into negotiations with the Soviets and meet their demands for apologies, reparations, and guarantees that outrageous acts of violence against unfortunate vessels that accidentally stray into Swedish waters carrying innocent fathers of small children would not be repeated.

There are some powerful Swedish politicians who speak of such an event with dread, as a possible step toward Finlandization.

No outsider has had the opportunity to evaluate the effectiveness of the submarine hunts. But Elisabeth Uddenberg of RRV examined Operation Southern Front. Her conclusions are negative:

"One of the ideas behind Southern Front was to practice coordinating the various branches of the military. Presumably, that also was the case in Karlskrona. I saw only a small portion of Operation Southern Front, but from what I saw, I can understand why they did not catch any submarines."

"It could happen, for example in a tense situation, that information from the various military branches would not be examined thoroughly enough. As a result, there is a danger that incorrect decisions will be made. In this area, better training may be the key to improvement."

Self-criticism by the military follows a similar line of reasoning. But training costs money and the military is perhaps the only sector in which Sweden has failed to set any spending records.

#### Many Want To Resign

Cutbacks in naval resources over a number of years have created a negative attitude among many officers. In one interesting recent case, Ninian Ramel left his post.

Ninian Ramel is a former adjutant to the commander in chief. He was always

known as an enthusiastic naval officer. His resignation apparently resulted from a feeling of hopelessness.

#### Losing Heart

"Many military leaders want to quit," Ramel said. "Our people are losing heart. We now have 65 military vessels, but only about 40 are warships. In addition, at any given time one fourth of these are out of active service for repairs of maintenance."

"Foreign visitors sometimes ask if we have a navy. At the end of the war we had about 140 vessels."

"The quality of our military has eroded. This is particularly true of the navy. For example, our 12 torpedo boats have been converted to missile boats, but they will have no missiles until 1985 or 1986."

#### West Coast

"In reality, the entire west coast is unguarded. There they are supposed to turn back an entire division with four patrol boats. That is not much, especially when you consider that at any given time one of them will be in for repairs."

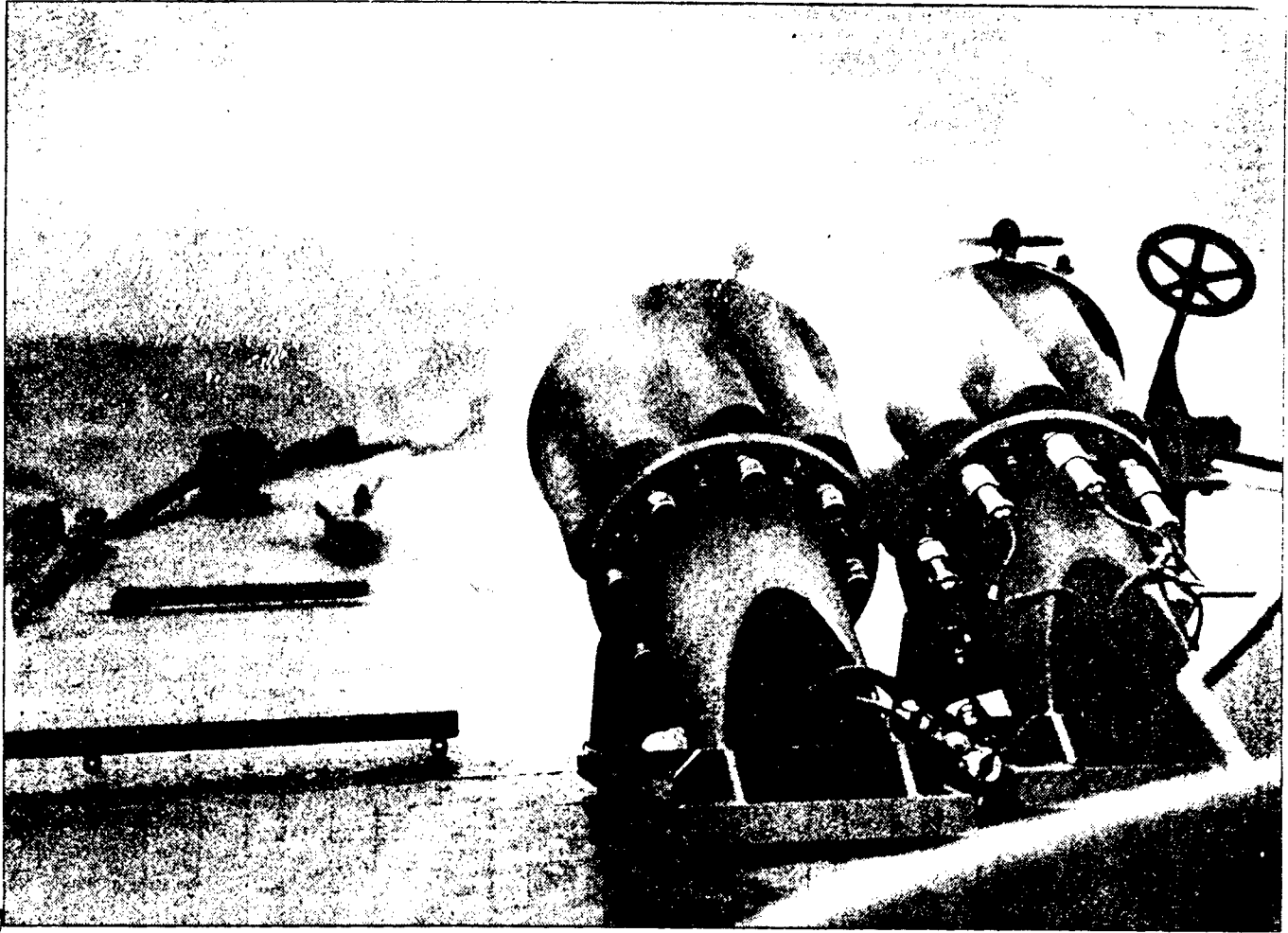
"It is remarkable that no more has been done for the navy and the air force since 1958. We now have about the same division of resources among the service branches, despite the major changes that have occurred around us."

"The politicians try to hide what is happening within the military. They pretend to strengthen the military, while their decisions mean that it is weakened," Ramel concluded.

#### Photo Captions [Photos on next page]

Top: The new antisubmarine weapon used by the navy to combat foreign intruders is called "Elma".

Bottom: Sweden's preparedness is not good enough. There are major weaknesses in the effectiveness of our military. The "Carl Gustaf" antitank rifle is one shining exception. The weapon proved to be highly effective during the Falklands War.



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## NAVAL STAFF CHIEF ON CONTINUED SUBMARINE INTRUSIONS

Stockholm DAGENS NYHETER in Swedish 13 Aug 84 pp 1, 6

[Article by Anders Ohman]

[Text] The navy's new weapon, the Elma antisubmarine grenade, will now be used in the hunt for foreign underwater vessels that continue to intrude in Swedish territorial waters. The navy has had several certain indications of foreign underwater activity since the submarine incident near Karlskrona last February and March.

Since April, a special antisub force has been patrolling Swedish coastal and archipelago regions, prepared to take up the hunt for submarines at any time. The force includes helicopters, patrol boats, and minesweepers.

Hunting submarines is a difficult assignment. The navy is waging a constant battle against time. Finding the sub is the most difficult task. The blossoming and turbid waters of the Baltic Sea make hydrophones practically useless at this time of year.

The navy attempted to catch a Swedish target submarine, but it escaped when it was given the order to behave as if it were in a combat situation.

'Sub Intrusions Continue'

Foreign submarines continue to violate Swedish territorial waters, according to the navy, which has had several certain indications that foreign underwater activities have continued after the Karlskrona incident last February and March.

Locating the foreign submarines is the most difficult task for naval submarine hunters, who have stepped up their antisub efforts since last April by adding units of helicopters and ships that patrol coastal and archipelago regions.

"I believe these intrusions are part of an effort to prepare for war. The danger of a surprise attack has increased. If we can improve our ability to locate and combat the intruders, they will become more cautious," said Comdr Claes Tornberg, chief of staff of the coastal fleet.

Last weekend the navy lifted some of the secrecy surrounding the new antisub

organization, which has existed since April. It has patrolled the coasts of Sweden according to a secret plan, hunting for foreign submarines.

For an entire day, DAGENS NYHETER accompanied the antisubmarine forces in the archipelago and coastal waters off Ostergotland. Here, we learned firsthand about the problems involved in hunting submarines.

### Signals

The most difficult problem is to find the sub, or localize it as naval officers say. This is the task of three heavy helicopters and one radar-equipped reconnaissance helicopter. They lower their hydrophones into the water, send out signals, and listen.

When the helicopters make hydrophone contact with the submarine, a patrol boat division rushes to the scene. These vessels can drop 100-kg depth charges or launch Elma antisubmarine grenades, which are now installed.

All along, the helicopters feed data on the submarine's position from the patrol boats to the command post. If contact with the sub is lost, the attack is interrupted and the search begins again. In this way, the hunt may be stopped and started again and again. When the helicopter must fly to land for fuel, the submarine can escape.

It is useless to send just one helicopter. There must be at least two and, in order to keep two in the air for an extended period of time, at least seven helicopters are needed to relieve one another.

The Baltic Sea waters make it difficult to find submarines with a hydrophone. During the late summer the water is warm and blossoms at the same time. Under these conditions, hydrophones are almost worthless. The turbidity of the water creates interference and patrol boats cannot locate submarines with their hydrophones.

If the submarine settles on the bottom, it is difficult to locate with ordinary hydrophones. For 1 year now, the navy has been testing the Fisker hydrophone, which is towed behind a minesweeper or coastal corvette. It draws a picture of the seabed on paper. This may reveal the presence of a submarine, but the ship must pass in the immediate vicinity because of the limited range of the Fisker.

This summer the navy used one of its own submarines to test the ability of the antisub forces to locate underwater vessels. The results were discouraging.

"When the submarine began to behave as if it were in a combat situation, it got away quite easily. We could not find it," Comdr Claes Tornberg told DAGENS NYHETER.

## High Precision

Early in the morning, DAGENS NYHETER was there when the patrol boats Vale, Mysingen, and Mjolner attacked a practice target near the Snadsankan lighthouse. Data on the position of the target was transmitted from the helicopter. A volley was fired with great precision: a hit within about 5 meters.

Three antisub forces are needed in order to maintain full preparedness. About 1,000 men, including 600 officers, are involved in the organization. A submarine, a patrol boat division, a helicopter group, and a minesweeper are included in each force, which spends 14 days at a time at sea during maneuvers. The units are always prepared to use live ammunition if necessary.

The ships and helicopters are taken from various parts of Sweden. Crews are informed of their destination on the first day of maneuvers.

## Specially Trained

The antisub organization still lacks coastal corvettes and the antisub companies that will operate from land positions under the leadership of the coastal artillery. A commando unit is being specially trained to enter foreign subs.

The helicopter groups are stationed in temporary bases along the coast. These bases can be dismantled and moving within 1 to 3 hours.

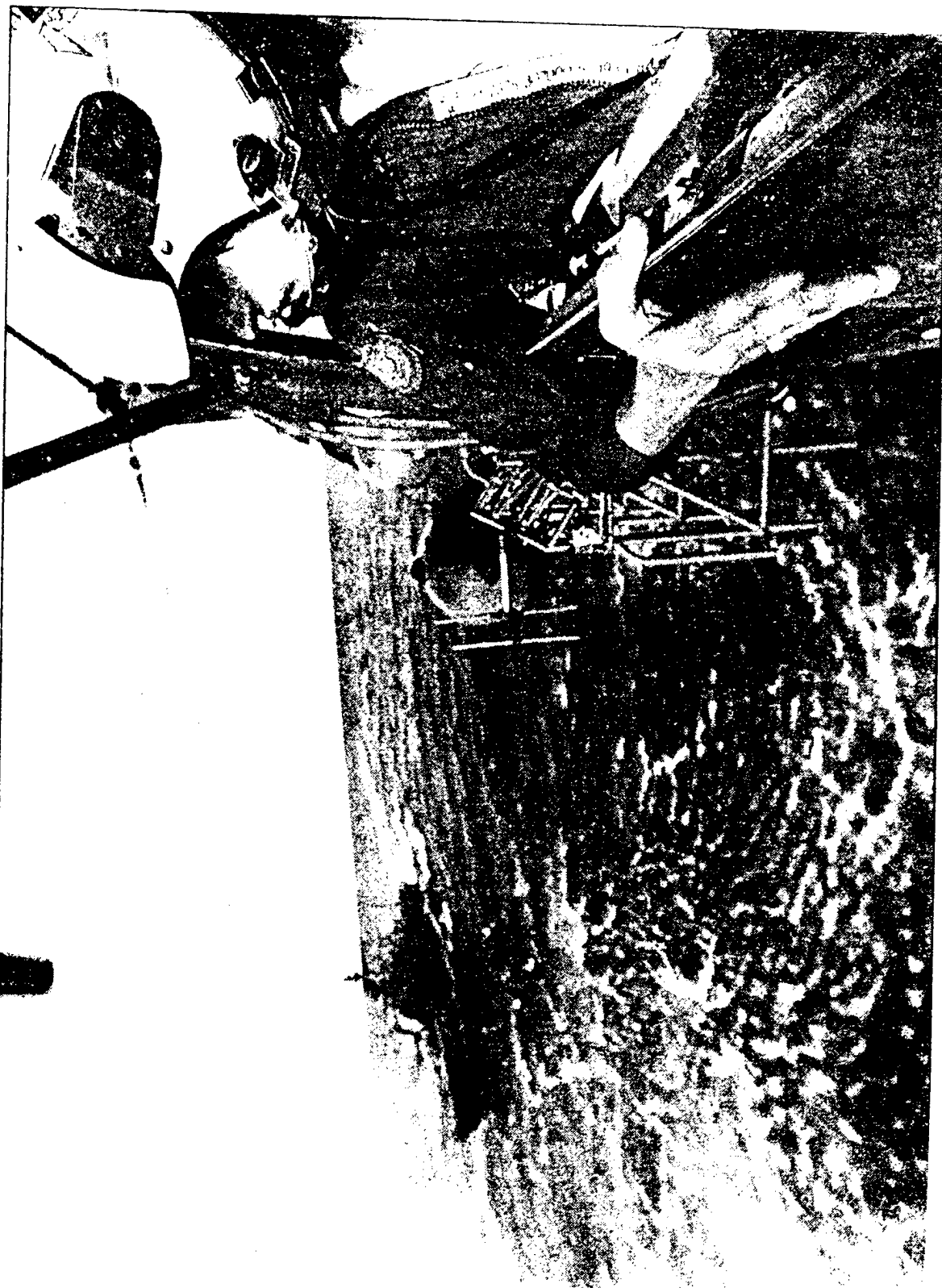
The element of surprise is considered highly important.

"As few people as possible should know our destination beforehand. But this is not to say that we can watch the entire Swedish coastline," Capt Leif Ahlquist said. Ahlquist is the leader of the antisubmarine forces.

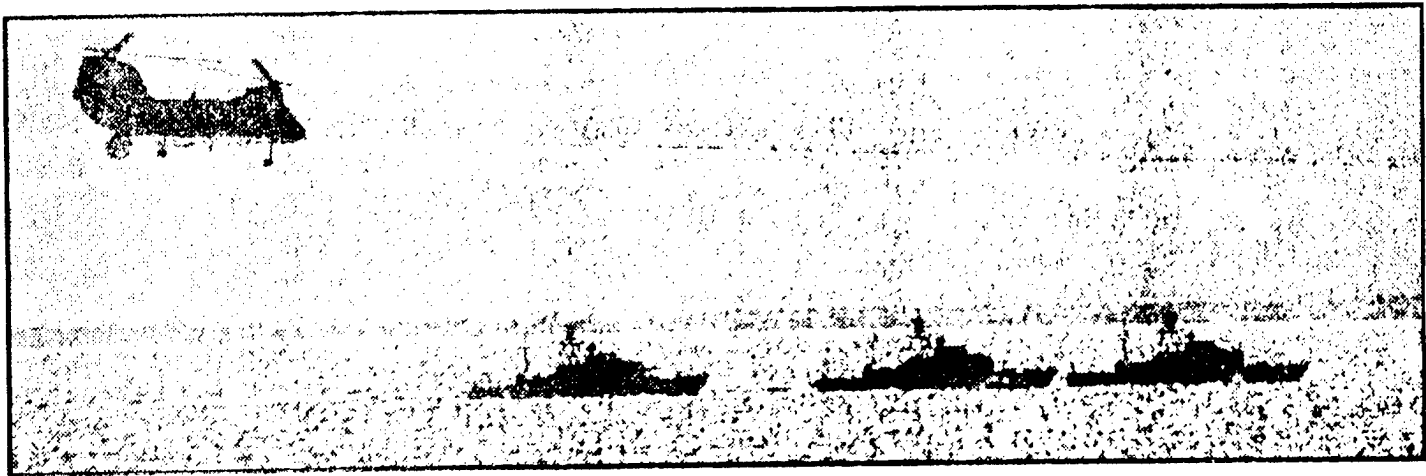
Ambushes are also part of the tactics. When night comes, the ships take cover near some island, drop anchor, and listen. They are prepared to move at any moment.

Farther out at sea a Swedish submarine is waiting. In this way, the navy hopes to draw an intruding submarine into the trap.





Contact between helicopters and ships is an important part of reconnaissance for foreign submarines.



A helicopter and three ships search for signs of a submarine in the vicinity.



The torpedo hydrophone Fisker is dropped into the water. The Fisker draws a picture of the seabed on paper.

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Comdr Robert de Mare shows Elma antisubmarine grenades, one of the navy's latest weapons for combatting submarines.

## AWKWARD BUDGETING PROCESS HAMPERS ARMED FORCES PLANNING

Stockholm DAGENS NYHETER in Swedish 15 Aug 84 p 8

[Article by Ake Ortmark]

[Text] In the military, it can be cheaper for a regiment to obtain a new building than to use its old one, even if the old building is in good condition. An inefficient budgeting system has turned military finances upside down--and it is the taxpayers who are footing the bill.

The reason is that small units in the military such as regiments see major expenses, i.e. capital expenditures, as "free services." Upkeep for an older building, however, comes out of the unit's own budget, while a new building is "free."

The higher authorities within the military do not know exactly what the individual units cost, since capital investment costs are not usually broken down by unit. In this confusing world, appropriations come out of various accounts in a manner that does not reflect the structure of the organization.

Another paradox results from the frequent use of consultants within the military. When more consultants are used, the number of permanent positions can be decreased and the government can point complacently to a reduction in personnel. But the savings are fictitious, since the consultants are usually more expensive than the personnel they replace. The costs for consultants are placed on the material side of the ledger (materiel, capital investments), rather than on the personnel side.

#### Fictitious Savings

Fictitious savings of this kind are found throughout the public sector, but especially in the military. The examples given above are from memoranda written by commissioner Elisabeth Uddenberg of the National Auditing Bureau (RRV).

At the Defense Fortifications Administration, 30 to 70 percent of the construction design and administration work is done by consultants, Uddenberg said. As fast as the authorities have laid off personnel, the administration has hired more and more consultants. But these costs are "unseen" because they appear only in the form of higher construction costs.

A study conducted at the administration showed that consultants cost about 25 percent more than regular personnel. RRV found examples of buildings that cost 20 percent more than necessary, partly because there is no incentive to save money.

"Our conclusion is that cuts must be made by reducing the overall budget. Otherwise, it is like squeezing on a balloon: one end gets smaller, but the other end just gets bigger," Uddenberg said.

Uddenberg believes that the military could save hundreds of millions by improving its budgeting system, increasing the efficiency of basic and refresher training, and solving the "redundancy problem."

The desire to expand is normal for any organization. Various units try to maximize their own activities in order to justify additional allocations. But the point of Uddenberg's criticism is that the military's management system is so complex and inefficient that the various units (regiments, naval bases, etc.) have no incentive to save money.

Uddenberg is also extremely critical of the lack of economic competence in the military:

"There are officers with a high-school education trying to do the job of a company president."

This situation is related to the "redundancy problem." Once the "fat has been cut," important civilian personnel working for the military are gone. Their jobs are taken over by military personnel, whose military training then goes unused. In this way, the military has lost both economic and military competence.

#### Demand For Reform

Uddenberg would like to see a system in which each organization is forced to maximize the usefulness of its work at a given cost. This system would promote efforts to achieve the best possible combination of resources. Performance would be compared to the original goals.

Similar sentiment may be found at the Defense Ministry. One source said that, "We have no reliable data on which to base financial decisions at the lower levels, i.e. at the regiment and flotilla level. The government and the commander in chief have a good working relationship, but we have a poor grip on the economic situation of the individual units."

Military training has been criticized for decades by many people. Uddenberg believes that significant savings could be made by overcoming the problem of recruits who have to sit around waiting for orders from their superiors.

In one group of recruits investigated by Uddenberg for 4 days, this waiting time was 8 hours, i.e. 25 percent of the time.

## Productivity

Now FOA (Defense Research Institute) has also investigated the efficiency of military training. The Finance Ministry commissioned FOA to investigate changes in productivity within the army, navy, and air force over a long period of time. The study is not expected to be complete before the end of the year, but DAGENS NYHETER has obtained some of the main results from the army study.

The FOA working group, under the leadership of engineer Jan Foghelin, has studied training to obtain a picture of military productivity. Training is responsible for 60 to 65 percent of the army's budget.

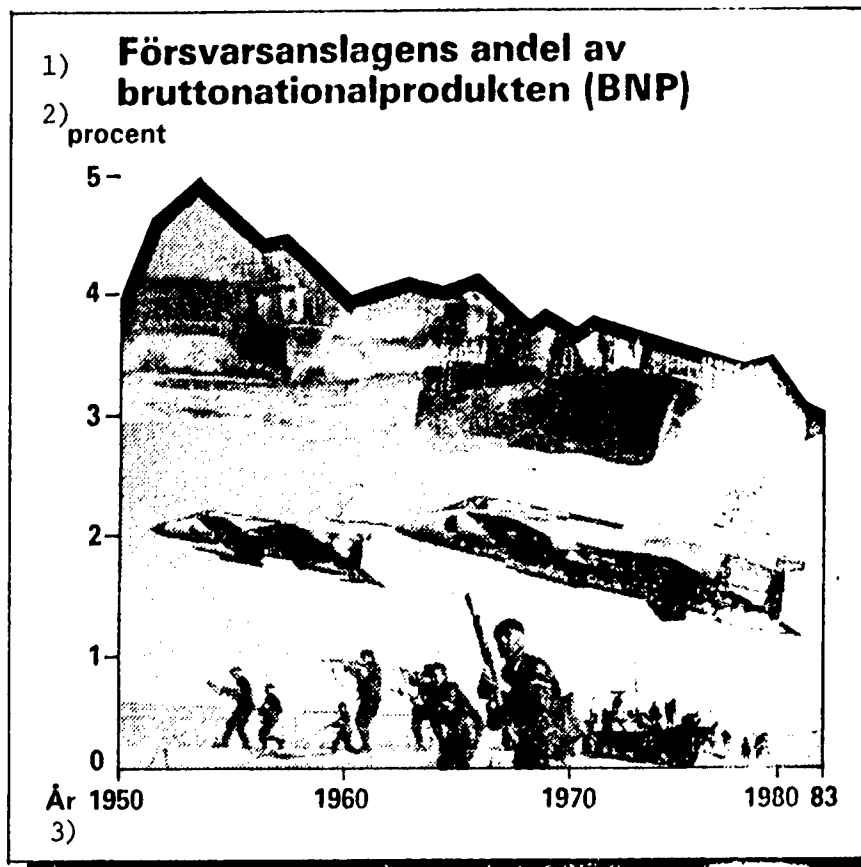
The number of trainees and the number of days devoted to training were used as a measure of production. Then the amount of money spent on training was determined. This figure dropped by about 6 percent between 1972 and 1982, but since production also declined somewhat, productivity has remained about the same.

The study provides no information on any possible changes in the quality of training (for better or worse). Thus, it is impossible to draw any far-reaching conclusions. But the very existence of this study is yet another indication that the government is increasing its pressure on various parts of the public sector. The government is demanding cutbacks and savings, as well as greater productivity and efficiency.

Various sources close to the government point out that there will be especially strong demands on the military because of the tense situation in the Nordic countries and the submarine intrusions.

Sweden is no longer the military power it was during the fifties. One area after another in the public sector has expanded its share of the GNP (the total production), but the share going to the military has shrunk. This is the only area in which Sweden has failed to set a spending record. This makes it even more important for the military to make efficient use of the resources it does receive.

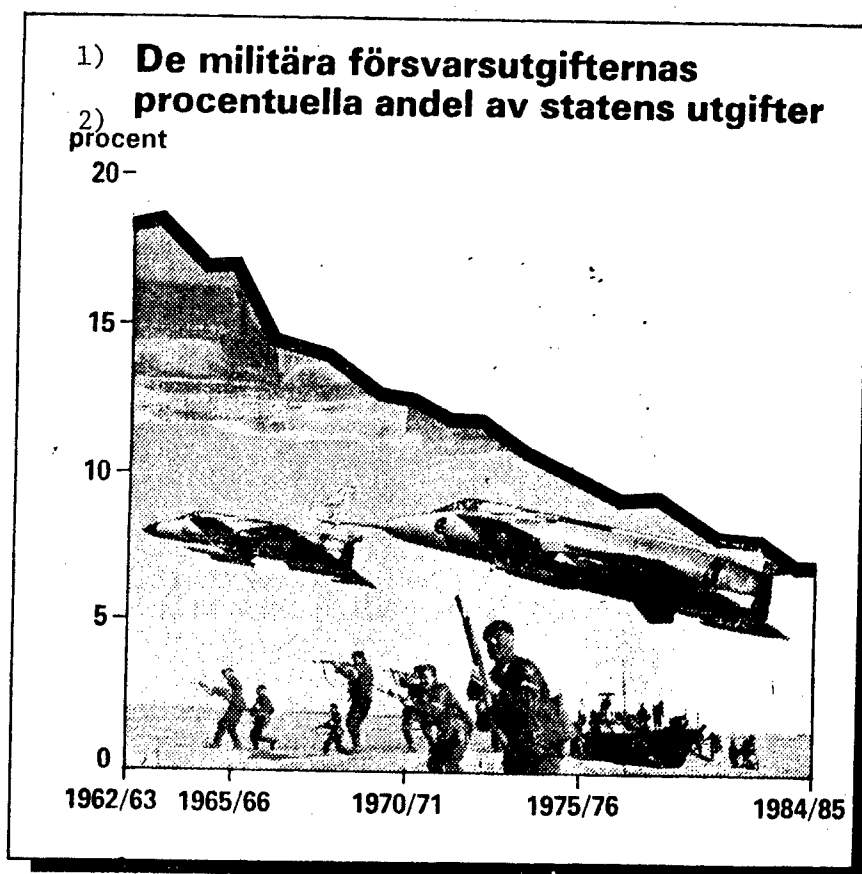
As seen in the diagram, Sweden now spends barely 3 percent of its GNP on the military. There are only a few countries in Western Europe (Denmark, Norway, and Italy) at that low level, but they are members of NATO.



Perhaps the only area where Sweden has failed to set a spending record.  
The share of total production going toward our defense is shrinking . . .

Key:

1. Defense appropriations as a percentage of the gross national product (GNP).
2. Percent
3. Year



. . . and the percentage of government expenditures going to the military is also shrinking. But an inefficient economic system has turned the military world upside down.

Key:

1. Percentage of government expenditures allocated to the military.
2. Percent

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## BRIEFS

INCREASED GUARDING OF INSTALLATIONS--The Defense Fortifications Administration estimates it will need about 170 million kronor to administrate the thousands of construction projects that will be started or completed for the military. This was indicated by the administration's budget request for the 1985/1986 fiscal year. During the coming fiscal year, the Fortifications Administration intends to expand its technical systems for guarding its installations and to reduce damage at hangars and storage depots. In the area of research, the administration will continue its efforts to protect installations from conventional weapons, especially, but also from nuclear weapons. In the future, defense installations will make greater use of domestic fuels. By reducing personnel by 25 positions, the administration will be able to save about 4 million kronor during the fiscal year. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 14 Aug 84 p 25] 9336

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## ILLEGAL IMMIGRATION PUTS PRESSURE ON SOUTHERN EUROPE

Stockholm SVENSKA DAGBLADET in Swedish 10 Aug 84 p 4

[Article by Arik Magnusson]

[Text] During the 1960's, Italy, Spain, and Greece were responsible for a large part of the export of labor in Europe. Now the stream of labor is going into these countries--often by illegal means. Just over 1 million illegal immigrants are now living in Greece, Italy, and Spain, according to a recent report that was commissioned by the ILO (International Labor Organization), the labor market organization of the United Nations.

The illegal immigration in these three countries of Southern Europe is primarily from North Africa. But many Asians also find their way to the Mediterranean countries with no work permit, visa, or passport.

According to the ILO report, there are 600,000 illegal immigrants in Italy, 300,000 in Spain, and over 40,000 in Greece. According to Sergio Ricca, who conducted the study, immigrants have settled in these three countries because their immigration policies have been less restrictive than in countries such as West Germany, Switzerland, and France.

According to Ricca, the governments in Rome, Madrid, and Athens must change their immigration laws and regulations to reflect the true situation. The illegal immigrants are outside all existing wage agreements and labor laws.

"It is the same situation we have seen so many times before," according to ILO INFORMATION. "The foreigners take the low-paying jobs that lack status. The jobs are often so dirty and so dangerous that the domestic labor force refuses to take them, even in times of record unemployment."

The situation in Italy is favorable for the illegal immigration of women.

"Women's desire to work, combined with a shortage of daycare centers, means that there is an extremely high demand for domestic labor, which cannot be met. This situation offers an irresistible invitation to many young girls from the Third World, according to the ILO study.

Of course, it is against the law to employ illegal immigrants, but current legislation is not a sufficient deterrent, according to Sergio Ricca.

Illegal immigration has been a profitable business for smugglers throughout the world. There are now millions of illegal immigrants in the United States and several hundred thousand in West Germany, France, Belgium, and Sweden, according to ILO statistics.

Earlier this year an organized ring of smugglers was uncovered that had been smuggling humans from the Middle East to Sweden. Sergio Ricca gave several similar examples of smuggling to the Mediterranean countries.

Italian police recently took action against an organization that had specialized in smuggling young girls from the Third World. Once in Italy, the girls were forced to choose between being turned over to the police and becoming engaged in prostitution.

North Africans who come to Spain and Italy as tourists often receive offers from professional smugglers to be taken illegally to France or Switzerland.

These smugglers of human beings seldom cross borders themselves, so that their criminal activities cannot be revealed by the countries that are affected.

The ILO report concludes by calling on the countries of Europe to discuss immigration problems at the international level. This seems to be the only way to solve the extensive problems of illegal immigration that are now plaguing Southern Europe.

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## PRIME MINISTER SCHLUTER ANNOUNCES NEW INDUSTRY POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 17 Aug 84 Sec III p 1

[Article by Lars Dyrskjot]

[Text] A new business policy will be at the top of the list of the government's future policies. So said Prime Minister Poul Schluter, who saw technological renewal in firms and the addition of new risk capital for businesses as the most essential elements in this new orientation of business policy. "Flexibility" and "rapid adjustment" will be key words in the new policy. The words came up at a business conference in Copenhagen yesterday.

"We are facing a new industrial revolution comparable to the one we experienced around the turn of this century due to the introduction of new technology into Danish firms. We do not want to direct this restructuring process, we want to stimulate it in order to end problems that might otherwise hinder development. We will also use the new technology in the public sector. That is a task for the politicians. We must master the new technology in the 1980's so that we are at least the European champion in these new areas.

#### Ambitious Program

"It is an ambitious but necessary program that we have set for ourselves. We will stimulate this renewal with a number of initiatives in Folketing in close contact with business people. For this all requires active cooperation from the users of the new technology, a broad coordination of research, education, technological authorities and the business sector.

"The new orientation of business policy requires a redistribution of funds promoting business life. There is no thought of cutting the funds, but in 1985 35 percent of the funds will go to promote technology, while in 1982 the figure was only 15 percent," he said.

#### Broad-Band Network

Prime Minister Poul Schluter also said that the government will be ready in a very short time to begin talks with the Social Democrats and the Radical

Liberals so we can reach agreement on the broad-band network and the hybrid network. Poul Schluter wants the talks to get going--and preferably to reach a conclusion--before Folketing assemblies in early October.

"We want the talks going right away so that proposals can be worked out as soon as Folketing meets," said Schluter who pointed out that this is a complicated issue with many opposing interests. "We had talks with both the Social Democrats and the Radical Liberals on the matter in the spring but they did not lead to any results. The government wants broad support for the broad-band network and the hybrid network because this will mean a great deal," said Poul Schluter.

#### Capital Market

"Denmark should also have a better functioning capital market. It has meant a great deal that interest rates have fallen from 21 to 14-15 percent and I believe interest rates will decline even further. The supply of risk capital has risen, pension funds and insurance money have been stimulated to more active participation in the business sector," he said.

In the past stock deals on the Copenhagen Stock Exchange were ridiculously small. More money changed hands at the race tracks. But in the last year many firms have improved their net capital base via the stock exchange.

However a larger share of capital should be provided through the stock exchange. We have a thicket of new firms with a technically strong base of ideas, but with a weak capital base. We should see that these firms get the necessary capital externally, if that is what they want.

#### Eagerness to Invest

"Balance sheets for 1983 show improved earnings and greater eagerness to invest. We have said for years that increased earnings led to bigger investments. Our political opponents have doubted this. I ask--not least for political reasons--that all those who can make new investments on a commercially sound basis do so, so that we can prove that the thesis is correct. Then the belief that we will come through the crisis will grow," concluded Poul Schluter.

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## FINANCE MINISTER ON WELFARE STATE, FISCAL POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 17 Aug 84 Sec III p 2

[Article by Frank Dahlgaard]

[Text] If the government had not intervened the state's interest burden today would have threatened existing welfare systems, according to Palle Simonsen.

"The four-leaf-clover government has often been criticized for having made savings cuts in public budgets that were too sweeping. But the fact is that if we had left things alone we would be close to the point today, because of the interest burden, where it would be simply impossible to finance the welfare programs we already have. The savings that were made were what makes it possible and justifiable to maintain the currently very high level of expenditures in the years ahead."

Finance Minister Palle Simonsen made these points yesterday in his speech at the opening of the 25th Nordic national economic meeting at Copenhagen University.

Palle Simonsen stressed to the many national economists from the Nordic countries attending the meeting that the Danish four-party government's superordinate goal in economic policy is to bring down the high unemployment rate and restore full employment:

"But we cannot create a lasting and durable basis for higher employment until we have solved our debt problems. We have become vulnerable and our economic policy freedom of action is limited. For example we do not have the possibility of increasing employment through an expansive fiscal policy. One of the most important reasons for this is that we cannot get interest rates to come down even further before we reduce the deficit in the balance of payments."

Finance Minister Palle Simonsen underlined the unfortunate distribution effects of the state's big deficit and borrowing: This leads to a high interest burden that squeezes out other state spending.

"At the same time the national deficit creates uncertainty about future money and financial policy and this uncertainty is one of the factors that keep the interest level high."

The finance minister regretted that the tax burden could not be reduced but pointed out that in the long run tax burdens are determined by the level of public spending.

Yesterday and today the many Nordic national economists discussed the topic of "economic problems of the 1980's compared with those of the 1930's."

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## YOUTH BENEFITTING MOST FROM NEW EMPLOYMENT OPPORTUNITIES

Copenhagen BERLINGSKE TIDENDE in Danish 20 Aug 84 p 1

[Article by Svend Bie]

[Text] Young people have been better at adapting themselves to the new opportunities, according to DA [Danish Employers' Association]. The decline in unemployment has only benefitted young workers.

Unemployment among young people has declined dramatically.

The decline in unemployment that took place in the past year has only benefitted the group of young workers. Despite a net gain of around 25,000 on the job market last year there are now 4,200, or 8 percent, fewer people under 25 who are out of work than at the same time last year.

At the same time we can note that there are just as many people out of work between the ages of 25 and 54 as there were a year ago and unemployment for those over the age of 55 has risen slightly, according to figures from the Danish Bureau of Statistics.

Department head Poul Erik Pedersen of the Danish Employers' Association had two explanations for the positive trend.

"The private sector has created many new jobs and young people have proved to be much more mobile. They have been better at adapting themselves to the new opportunities. At the same time many job programs have been started up for young people. Among other things a good 6,000 have been employed as a result of the job creation law," said Poul Erik Pedersen. He stressed that unemployment among young people is still substantial and especially affects girls.

It is not known how large a share of the net gain of 25,000 workers comes from the group of young people, but it is known that the group has grown.

"The unemployment figures give an indication of how many jobs have been created, for the labor force does not change very much from one month to the next," said Thorkild Hune of the Danish Bureau of Statistics. He said that the Danish Bureau of Statistics is preparing new statistics that will show how many jobs have been created by individual employment programs.

## ECONOMY FINALLY CREATING NEW JOBS

Copenhagen BERLINGSKE TIDENDE in Danish 23 Aug 84 p 1

[Article by Frank Dahlgaard]

[Text] The Danish Bureau of Statistics withheld the remarkable figures from ATP [General Supplementary Pension System] because at first it was hard to believe the very strong growth in the number of jobs.

In the last 12 months over 50,000 new jobs have been created in this country and that is far more than the employment gain of around 30,000 that economists and officials had been estimating.

ATP House in Hillerod announced, on the basis of ATP payments for the first half of 1984, that employment has grown by more than 50,000 fulltime wage earners compared to the same period last year.

In a brief press release ATP wrote that the new figures indicate that Denmark now has the largest number of employed people ever, namely 1.8 million wage earners in fulltime jobs.

This is the first time ATP House itself has released employment figures. Normally the figures are issued by the Danish Bureau of Statistics.

Head clerk Bjarne N. Simonsen of the Danish Bureau of Statistics told BERLINGSKE TIDENDE that they simply did not dare believe the good employment figures for the first quarter of 1984 that were reported from ATP several months ago. Therefore they decided to withhold the figures and wait for new ATP employment figures for the second quarter. These figures are now in and show the same high employment level and Bjarne N. Simonsen confirmed the reports from ATP House. He added that next week the Danish Bureau of Statistics will publish a detailed survey of where the big employment gains have been made.

At ATP Birger Eshoj told BERLINGSKE TIDENDE that everything indicates that the many new jobs have been created for the most part in the private business sector.

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## PAPER ON RENEWED TRADE BALANCE PROBLEMS

Copenhagen BERLINGSKE TIDENDE in Danish 24 Aug 84 p 10

[Editorial: "Avoid Panic Measures"]

[Text] The trade figures for July are unpleasant. Viewed in connection with developments in the first half of the year we can expect an intolerably sharp rise in the balance of payments deficit for the year as a whole. There will undoubtedly be an improvement in the remainder of 1984 and no one can know for sure today how big the balance of payments deficit will be. It is quite pointless to discuss whether it will add up to 15 or 16 billion kroner or even more. Under any circumstances the figure is too high.

The important thing is how the economic policy handles the situation. Voices have already been raised in various quarters, calling for immediate intervention. Thus the Social Democrats want measures adopted that would affect special population groups in particular, groups they have arbitrarily singled out as being responsible for the economic misery. And a member of the executive committee of the Economic Council said quick intervention is necessary in the form of tax increases or a special tightening of credit.

Regardless of the gravity of the situation there is reason to warn against panic measures of this kind. In the past it has been characteristic of Danish economic policy that one tax increase has been piled on top of another, that the organized credit and capital markets have been put in a straitjacket of restrictions that killed competition, etc. That policy has never proved to be effective but it contributed for a number of years to a nose dive in business investments and to a spreading of economic discontent.

There is no need for a return to those conditions as a result of new panic measures. It is encouraging that LO [Danish Federation of Trade Unions] representatives have also admitted that the traditional austerity measures are devastating for investments and employment. Growth in the balance of payments deficit is due to a large extent to the increase of business activity. It is vital that this positive trend not be destroyed by actions based on old ways of thinking about economics.

This does not mean that one should just leave things alone when it comes to economic development. It would not make much sense to do anything about this

year's balance of payments deficit at the present time. But it should be emphasized that everything indicates that the April agreement between the government and the Radical Liberals will be inadequate as a framework for financial policy in 1985. Consequently the budget bill that has been presented should be tightened up and basically this should be done through spending cuts to reduce the colossal public consumption. In addition, as the director of the National Bank pointed out, it will be quite essential to tighten up income policy. Such an effort would consolidate the economic progress in contrast to panic measures that are lacking in perspective.

6578

CSO: 3613/217

## ECONOMY'S INTERNATIONAL COMPETITIVENESS SUDDENLY DROPPING

Helsinki HELSINGIN SANOMAT in Finnish 23 Aug 84 p 25

[Article: "Finland's Competitiveness To Decline 5 Percent This Year"]

[Text] The international price competitiveness of Finnish industry will decline this year by 5 percent or by the same amount that it increased last year, the STK [Finnish Employers Association] estimated in a report on competitiveness made public on Wednesday.

According to the STK's estimate, the revaluation of the markka and increasing labor costs are the primary factors eating away at competitiveness.

The employers' association has calculated that total labor costs will increase this year by approximately 9.5 percent in Finland, but the value of the markka in relationship to the currencies of competing countries, on the other hand, has increased by or has been revalued by 2 percent.

When the three above-mentioned factors are calculated together, Finland's ability to compete is, on the average, 5.5 percent less compared to 14 other Western industrialized countries. It has been assumed in the calculations that all raw material expenditures are the same and sales prices are determined by the world markets; thus they were not taken into consideration in the calculations.

Compared to Sweden, Finland's most important competitor, our competitiveness will deteriorate by approximately 3 percent this year: Sweden's labor costs will increase by approximately 1-percentage point less than Finland's, Sweden's productivity will increase by 1.5-percentage points more than Finland's and compared to the krona the markka will be revalued by approximately .5 percent.

Compared to Norway, the decline in Finland's competitiveness will be a little less than 5 percent this year and compared to Denmark, it will be nearly 7 percent.

Finland's international competitiveness may become even weaker next year; perhaps by approximately 1 percent, estimates STK.

## Competitiveness and The Development of Its Partial Factors



Key:

- |                 |                    |
|-----------------|--------------------|
| 1. Currencies   | 3. Competitiveness |
| 2. Productivity | 4. Labor costs     |

### Poor Competitiveness Brings Its Own Revenge

STK Managing Director Pentti Somerto described the weakening of competitiveness as alarming, but a weaker price competitiveness will bring its own revenge in the near future. "During an economic boom the significance of price competitiveness can be less than during a recession. However, it is predicted that the current economic upswing will remain relatively weak and short-term and thus we will end up in a recession and will become subject to stiffer competition than the others as a result of weaker competitiveness," warned Somerto.

According to Somerto, the declining competitiveness can still be somewhat prevented by refraining from a sliding wage scale even though there is a shortage of skilled labor in many areas.

STK demanded from the compilers of next year's budget that the inflation level in the budget should be definitely scaled down to less than 5 percent. According to STK, a definite and permanently slower inflation rate is anticipated in Finland.

Increases in payments and tariffs for public services and facilities should be measured in such a way that they will not endanger next year's goal to slow

down inflation and that even in the next few years they will conform to the conditions of a low inflation rate, announced STK.

STK also expects businesses to adopt stands that will restrain inflationary expectations in the compiling of their own budgets. The budgeting of businesses should, for the most part, be based on the anticipated prospects of real growth.

10576

CSO: 3617/215

## POLL MEASURES INTENSITY OF REACTION TO WAGE EARNER FUNDS

Stockholm DAGENS NYHETER in Swedish 19 Aug 84 p 8

[Article by Sven Svensson]

[Text] About 58 percent of the Swedish people oppose the wage-earner funds in their present form. This was shown by an opinion and attitude survey taken by Prof Ulf Himmelstrand for DAGENS NYHETER. A large group, 13 to 19 percent of the opponents, have turned against the funds because they believe the funds are too "watered-down."

The survey, an extensive form filling seven pages, contained over 70 questions. Over 1,500 people answered this battery of questions, which were later complemented by telephone interviews. The total material includes 1,641 interviews.

The survey deals primarily with the wage-earner funds, but also includes attitudes toward capitalism, the Swedish economic model, labor organizations, and some of the most important actors in the political arena. On the question of wage-earner funds, the nonsocialist politicians enjoyed greater credibility than the Social Democrats.

Graded

Unlike other opinion polls, this survey contained a number of "charged" words such as "threat," "assistance," and "unemployment." Voters were able to grade the intensity of their response, for example by answering "agree totally," "agree in part," "hardly agree," "disagree totally," or "do not know."

The extensive questionnaire made it possible to combine responses on a scale to indicate not only attitudes toward the wage-earner funds, but also the intensity of these attitudes.

In other opinion polls, the responses are usually "yes" or "no" to one or more questions and the answers are tabulated in tables indicating responses for and against.

## Fund Questions

Himmelstrand used a statistic technique called factor analysis to construct his scale. Factor analysis means comparing the responses in order to construct consistent political patterns.

Just over 20 of the questions dealt with the wage-earner funds. One assertion in the study, for example, is that the wage-earner funds introduce the danger of Eastern-style socialism. Another is that many companies will invest their money abroad, instead of in domestic production.

The so-called factor analysis was then used to combine the responses to these "charged" assertions into a single scale, for or against the wage-earner funds. It is possible to read both attitudes and intensity on this scale.

The result was a U-shaped curve with the negative responses on the left and the positive ones on the right.

The curve turns at 58 percent. This means that 58 percent of the respondents were against the wage-earner funds and 42 percent were in favor of the funds. The curve also shows the intensity of attitudes. The intensity was greater among opponents than among supporters of the funds.

The U-shaped scale shows that about 7 percent of the Swedish people reach an intensity of 75 percent in their opposition to the wage-earner funds, while about 8 percent of the supporters have an intensity of 50 percent.

## Many Uncertain

A large number answered that they were undecided on the wage-earner fund issue. There were two to four times as many "undecided" on this subject as in the remainder of the survey. This caused several methodological problems, which led to additional telephone interviews. Himmelstrand chose to place the "undecided" responses in a kind of intermediate position.

Social Democratic supporters seem to be primarily responsible for the "undecided" responses. According to Himmelstrand, this is a well-known sociopsychological phenomenon. The message the Social Democrats have heard from the "Movement" has been so strongly contradicted by public campaigns and the mass media, that many Social Democrats seek to defend themselves by stating that they are "undecided."

## Watered-Down

One of the questions in the survey broke the pattern. It had to do with the following assertion:

"The wage-earner fund resolution approved by parliament is too watered-down to have the desired effect."

The response to this question cut across all groups of negative and positive respondents. Some respondents were among those who opposed the funds because they thought the proposal was not radical enough.

Cross-correlation of the material showed that about 13 percent of those clearly negative toward the wage-earner funds opposed them because they thought the proposal was too watered-down to solve the problems of capitalism.

According to Himmelstrand, a more liberal interpretation would indicate that 19 percent opposed the funds because they are too watered-down.

These results illustrate the dilemma of the Social Democrats on the wage-earner fund issue. Radicalizing the proposal could give them a majority of public opinion but, at the same time, the party would risk losing a different group of voters.

Himmelstrand concluded that, around the magic 50-percent mark on the attitude curve, there is some room for a shift in voter opinion from the negative to the positive side.

#### Willingness To Debate

There are also other results indicating the possibility of a shift toward the positive side.

This was indicated by two groups that, in statistical terms, are called "closure" and "involvement." "Closure" includes those who have lost all interest in the issue, while "involvement" refers to those who are still "wrestling with the issue."

The results show that those who are most negative toward the funds are also those who are least inclined to discuss the issue at all. Those most positive to the funds are also those who are most willing to discuss the details of the funds. The responses must be examined in greater detail before more certain conclusions may be drawn.

Another conclusion is that the wage-earner funds divide people along party lines. In general, attitudes follow ideological convictions. Party loyalty is extremely high on the nonsocialist side, while defections on the Social Democratic and VPK (Left Party Communists) side are as high as 18 percent. This is because the wage-earner funds, in their present form, are seen by many as being too watered-down. According to Himmelstrand, there is no evidence that the Social Democrats and VPK supporters who are on the "wrong side" share the nonsocialist view of the wage-earner funds.

Like other pollsters, Himmelstrand concluded that there is a sizable group within LO (Federation of Trade Unions) that opposes the wage-earner funds in their present form. The divergence of opinions is greater, however, within TCO (Central Organization of Salaried Employees National Government Civil Servants Section), while supporters of the Environmental Party are surprisingly



favorable toward the funds. Most negative toward the funds were the one fourth of the respondents who did not belong to labor or professional organizations. Presumably, most of these were small business owners.

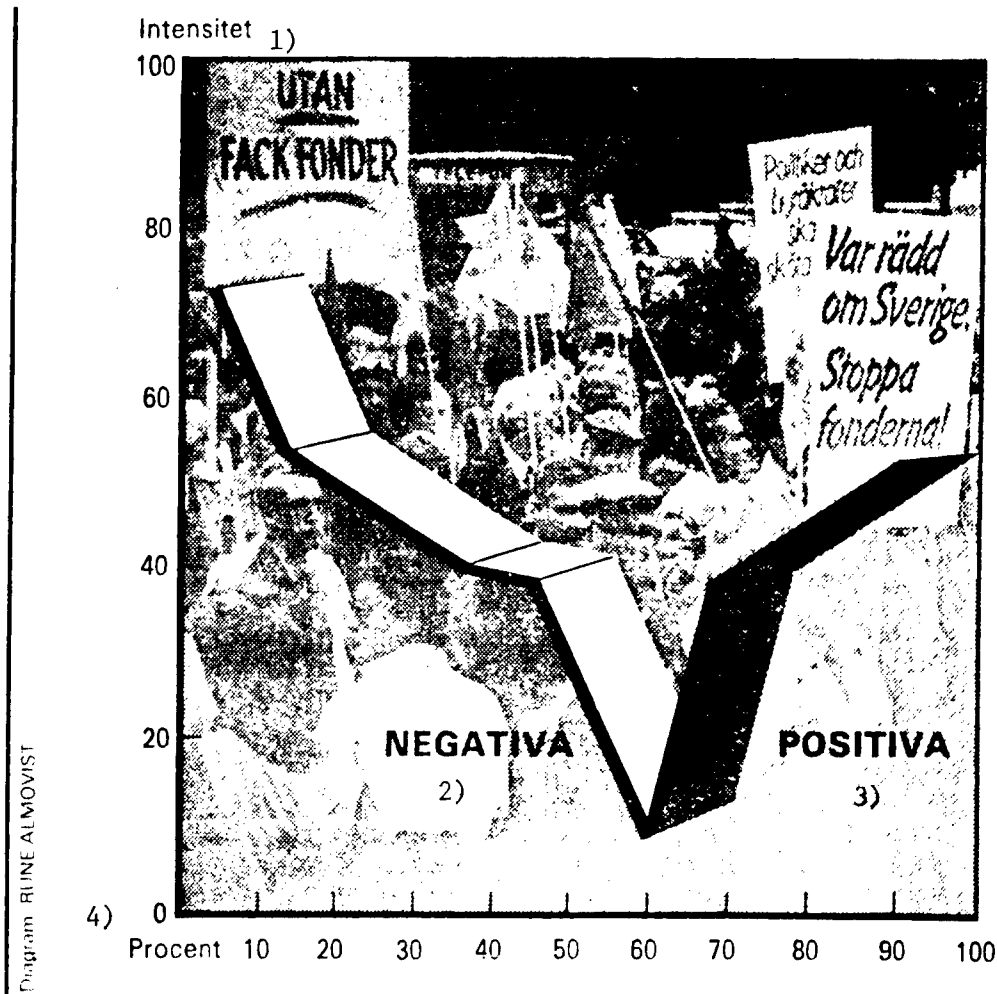
Ulf Himmelstrand became a professor of sociology at Uppsala University in 1969. He had previously been a professor of sociology in Nigeria for several years.

During the 1950's and 1960's, sociologists made frequent use of opinion polls, but this work was then taken over by opinion institutes such as IMU (Institute for Market Research) and SIFO (Swedish Institute for Public Opinion Polls). One goal of Himmelstrand's survey on attitudes toward the wage-earner funds and other issues was to make an opinion poll that was more scientific than those conducted by the usual opinion institutes. The latter are usually based on "yes" and "no" answers to one or more questions. Himmelstrand's method is based on an extensive battery of questions and, as a result, it provides a more in-depth view.



Sociology Professor Ulf Himmelstrand.

# Attitudes toward Wage-Earner Funds



The V-shaped curve indicating attitudes toward the parliamentary resolution on wage-earner funds reaches a turning point at the 58-percent mark. The negative responses are on the left side of the curve and the positive responses are on the right.

It is also possible to judge the intensity of these attitudes from the two arms of the V-curve. Opponents to the wage-earner funds showed a greater intensity than supporters of the funds.

Key:

1. Intensity
2. Negative responses
3. Positive responses
4. Percent

## ELECTRICITE DE FRANCE ANNOUNCES RECOVERY

Paris LES ECHOS in French 10 Jul 84 pp 18-19

[Article: "Electricite de France"]

[Text] For Electricite de France [EDF], 1983 will have been the year of recovery. A spectacular recovery, expressed by four indicators:

- turnover ..... plus 15.7 percent
- value added ..... plus 28.9 percent
- gross operating surplus ..... plus 40.4 percent
- gross self-financing ..... plus 61.5 percent

This does not mean at all that the managers of this national enterprise have any intention of denying the existence of a still high operating deficit, 5.7 billion francs as against 7.9 billion in 1982, or to forget their indebtedness which amounts to 189 billion francs. The latter will remain heavy for a few more years, but we will see later that it should not be overestimated.

If the financial situation of Electricite de France is recovering, this is largely due to the exceptional efforts of investments in electricity approved since the first oil shock; and the year 1983 marked the beginning of a period during which the country will be able to draw full benefit from these exceptional efforts. Thus ended a long period of difficulties resulting from that first oil shock, gray if not black years during which financing of the nuclear program was added to the price of fossil fuels from which the company did not succeed in freeing itself.

Today, France has an industrial plant at its disposal in the area of energy which is simply the most modern in Europe. Even though there were a few minor incidents in 1982, our nuclear power stations currently demonstrate excellent operating ability, which confirms the quality of the production system thus put into place.

On the other hand, whereas the energy market is experiencing a global decline, our sales of electricity have accelerated, which testifies to the competitiveness of electrical techniques as against traditional energy sources.

These circumstances justify the important role the development of electricity could play in the modernization of the French economy and in supporting the effort to export electrical techniques into the world.

## Reasons for Financial Recovery

The fact that during the 1983 accounting period the financial situation of EDF not only stopped deteriorating but began to recover is not due only to the above mentioned economic reasons but also to reasons of internal management.

The additional savings realized in 1983 by the substitution of nuclear energy for combustion reached nearly 4 million francs. This explains the more rapid increase of value added (28.9 percent) relative to that of turnover (15.7 percent).

The internal management efforts made by all the personnel have borne fruit, making it possible for gross self-financing to grow more rapidly than the gross operating surplus. This is all the more remarkable as the explosion of the value of the dollar during the accounting period caused an increase in capital costs of 3.4 billion francs.

Because of this crazy rise in the American currency, it was not possible to reduce the operating deficit, as had been hoped, to 2.3 billion francs. But, in spite of this disappointment, the figures published are those of an enterprise whose economic and financial situation is basically sound.

As we have said, indebtedness is still heavy at 189 billion francs, and it will remain so for a few more years. It is the result of a choice made by the government to favor electricity consumers in terms of rates. The evolution of rates has been moderate in spite of strong recent hikes, and electricity is cheaper in constant francs than before the first oil shock, that is to say when you deduct inflation.

Even so one must see that indebtedness in relative terms. When compared to revenues, its level is much lower than that during the fifties and sixties. Currently it represents approximately 24 months of company receipts as against 37 in 1953, 31 in 1963, and 23 in 1973, prior to the acceleration of the electro-nuclear equipment effort.

But if the volume of indebtedness is relatively less high than it was 20 years ago, compared to what it was at the time of the first oil shock, its cost has increased substantially over the last decade. Dollar loans were largely entered into at a time when that currency was weak and when the American interest rates were lower than those in Europe. The rise in interest rates and the explosion of the dollar have caused a very strong increase in financial costs relative to loans made in that currency.

In 1973 financial costs resulting from that indebtedness represented only 15.2 percent of the cost price of electricity; today they have reached 26.7 percent. But it will be possible henceforth to cover those costs without having the rate increase exceed the increase of the general price level, because the profitability of the electro-nuclear program is high enough to allow it.

## Balance Expected for 1984

The stabilization of investments in the neighborhood of 41 billion francs in 1983 is another favorable factor. Hence a balanced budget was drawn up for 1984, but based on very uncertain assumptions given that they used an average dollar rate of 7.60 francs as the base for their calculations.

An average dollar rate of 8 francs already represented a billion francs in additional costs, and it is hard to hope that this average will be recorded in 1984, barring an enormous fall during the second semester.

If a balance, or a quasi-balance of the accounts were to be achieved in 1984, the gross self-financing margin would exceed 25 billion francs and the rate of self-financing would then be close to 50 percent of the total financial needs of the enterprise: new investments, increase of supplies and loan repayments.

As early as 1970 France had made a nuclear bet which was taken up. Since 1977, every 3 months on average, a new nuclear unit of 900 megawatts of pressurized water is coupled to the network. By the end of 1983, 27 such units were in operation, and 25 under construction. Furthermore, two new groups of high intensity carbon -- 600 megawatts -- have come to rejuvenate a group of factories, some of which had already functioned for more than 150,000 hours.

Including hydraulic power, in December 1983 the total installed productive capacity of EDF amounted to 69.3 million kilowatts. The power of the equipment under construction should reach 32.1 million kilowatts. Finally, the decision by the Council of Ministers of 27 July 1983 anticipated putting into operation two nuclear units in 1983, another two in 1984, and for 1985 one or two depending on the evolution of consumption.

Table: Investments by EDF (in millions of constant 1983 francs)

	<u>1973</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Large equipment .....	6,757	26,394	27,360	26,275
Production transportation .....	2,215	5,506	6,054	6,028
Distribution .....	6,867	7,689	8,116	7,841
Other .....	895	897	1,287	1,233
Total (HT) .....	16,734	40,486	42,817	41,377

The equipment thus put into place has performed very well. The average availability of the pressurized water units has reached 68 percent, exceeding by 6 percent the expected figures which had justified taking on this program. A new method for controlling those units has been experimented with; it currently makes it possible to follow the variations of demand with the same flexibility as that of combustion units.

Nuclear power production went from 103 billion kilowatt/hours in 1982 to 137 billion in 1983, or an increase of 33 percent, whereas the increase of the total production of electricity was 6.4 percent. Nuclear and hydraulic energy

together supplied 207 billion kilowatt/hours to the networks in 1983, which corresponds to 48 million tons of oil equivalent and represents two-thirds of all the energy produced in the country. At the same time, the quantity of fuel consumed by EDF has dropped from 14.1 million tons to 2.6 million tons in 1983.

Furthermore, the quantities of coal imported have gone from 14.2 million tons in 1979 to 8.9 in 1983. Thanks to that policy, France has saved foreign currency, the enterprise was able to reduce its production costs, and the customers have energy at competitive prices.

#### Rigorous Management and Vigorous Trade Action

In 1983 EDF experienced strong growth in sales, at the very time when its industrial clientele did not increase its purchases much because of the depressed economic situation. It was especially heavy industry which suffered most, whereas substantial progress was achieved in the agricultural foodstuffs sector, the engineering industry and the chemical sector. Finally, sales abroad went from 4 billion kilowatt/hours in 1982 to more than 13 billion in 1983.

The managers of the national industry stress the reasons which motivated a reform of the rate structures and which led, it is true, to a heavy rate hike for the users. It was necessary for the sales rates to reflect as precisely as possible the relative value of electricity at the moment when it is consumed. It is cheaper in the summer, more expensive however during the 400 hours of heavier use between November and March.

But, added the officials of the national industry, future success depends primarily on the manner in which it is able to combine rigorous management with vigorous trade action.

Rigorous management is the condition for balanced accounts, but also the means to preserve and improve the competitiveness of electricity. The gains in productivity achieved in 1983 were on the order of 5 percent: the volume of sales rose by 5.1 percent, while costs -- raw materials, capital, labor -- rose only by 0.1 percent.

Vigorous trade action conditions future income. This action makes sense only if one takes into account the bet to meet nearly 50 percent of France's energy needs with electricity within 15 years, instead of 33 percent at the present time.

It is completely sensible if, in collaboration with industry, EDF participates in the renewal and development of research. This is the new dimension of public service, of which the national industry is fully aware.

#### Influences of the Climate

During the 1983 accounting period, sales in France and abroad were firmed up, as we have seen. This movement was translated by a net increase of transmitted energy: 5 percent over the high tension transmission network, with 269.4 billion kilowatt/hours in 1983 as against 254.2 billion in 1982; 7.9 percent over

the distribution network serving middle and low voltage clientele, with 166.3 billion kilowatt/hours as against 154.1 billion.

Unlike what happened in 1982, there were no atmospheric phenomena in 1983 to cut the current and produce catastrophic results. Still, there were interruptions of an average of 14 minutes 40 seconds in very high voltage, as against 32 minutes in 1982, and of 6 hours 42 minutes in low voltage, as against more than 10 hours in 1982.

Particular attention was paid to the means to remedy the effects of brief interruptions on the installations of individual clients. Today's equipment is often sensitive to micro-interruptions, even of a few thousandths of a second.

This question is all the more important as the user, the consumer, the subscriber (the vocabulary is rich in this area) increasingly wishes to be welcomed, informed, told in such a way that his life as user of electricity becomes simplified.

As there are 25 million clients, the implementation of regulatory procedures is unavoidable; but their reduction is also a necessity. Hence, a compromise should be found between rigor and flexibility, between equality of treatment and personalization.

Following the operations "electricity in free service," "card for self-reading" and "first bill," new actions are in the process of becoming generalized. The system of intermediate bills helps households manage their budgets by spreading out their electricity expenditures more evenly over the year.

But it has the inconvenience of being complicated, and consequently of not always being understood. However, surveys have been carried out and they have shown that the advantages outweighed the inconveniences.

Hence, a new experiment has been launched, that of the changeover to monthly bills. The principle is exactly the same as that of the monthly payment of taxes: 10 equal monthly payments and 1 or 2 monthly regularization payments after a reading of the meter. This system implies a banking or postal address.

Finally, the horizontal bill will soon disappear. It will be replaced by a vertical bill, which is easier to read and easier to verify.

#### Rate Evolution

Of course, the clients of EDF have felt a rather negative impact of the rate hikes which occurred during the last 3 years. On average, the increase was 10 percent higher than the general evolution of prices.

Henceforth, the price of electricity should evolve like the general price level for a few more years, then return to the tendency to drop in constant francs, as was the case before the oil shocks.

In high voltage, the reform of the rate structures was translated by strong increases in fixed rates and the price of energy in winter and a drop in the price in summer.

In low voltage, it was possible to effect a moving closer of domestic and commercial rates and to start the implementation of a "small customer" rate aimed at those clients whose energy needs do not exceed 3 kilowatts.

#### At the Service of Industry

The Ninth Plan defined as one of its priorities, the modernization of the French industrial fabric; one of the preferred means for this modernization is the electrification of the manufacturing process.

Hence, the main objective is to develop profitable electrical processes for clients, whether it involves new investments or whether the industrialist has chosen to renew obsolete equipment.

Of course, in all cases the choice belongs to the client who makes the decision in terms of his constraints or his opportunities. Certain high energy performance techniques allow the enterprise to present a very favorable operating account, but, in return, require high investments. Others perform less well but require only moderate investments.

In order to clarify the choices of the clientele, EDF originated measures which made it possible to simplify access to credit and to lighten financing costs if the investment is a rational economical use of energy and when it in fact means an acceleration of the replacement of oil products by electricity.

Contacts with suppliers have been intensified. Through the acquisition of shares in innovative finance companies, the national industry has contributed to the development of six middle sized enterprises and to the orientation of new industrial centers.

We are also witnessing the development of seasonal bi-energy, an alternating use of electricity and fuel, which implies having recourse to high power electric steam boilers: up to 4,000 kilowatts for the immersion heaters and 15,000 kilowatts for the electrode boilers.

#### International Action

EDF has created a support base for the export of French techniques: EDF International. As a matter of fact, it has exceptional experience in the area of the choice of equipment, putting equipment into operation and follow-up on its performance as well as in the areas of planning and management systems for production-transmission and distribution of electricity.

The organization which has been established is made up as follows:  
- a technical department whose function it is to mobilize and gather the know-how of the enterprise and to put a qualified team into place for each project;



- a commercial department whose task it is to seek engineering and technical assistance contracts through the systematic prospecting of the foreign markets;
- a financial and administrative delegation whose role it is to help the partners find the necessary resources to finance the planned operations.

In Asia one sees the most characteristic development of the activities of EDF International as today that part of the world represents 44 percent of its turnover instead of 10 percent 5 years ago. China is an important market as well as Thailand, Malaysia and Indonesia.

#### More than 6,000 Jobs Given to Young People

On 31 December 1983 124,425 people were employed at EDF, or 2,612 more than on 31 December 1982. For 4,502 departures there were 7,114 entries, of which 6,365 jobs were given to young people who had just entered the labor market.

Those 6,365 new recruitments included 4,431 production employees; 1,360 technicians and supervisors; and 574 officials.

8463

CSO: 3519/466

## ATTEMPT TO DIVERSIFY ENERGY SOURCES CONTINUES

## National Energy Program

Athens TO VIMA in Greek 5 Aug 84 p 43

/Article by G. Kraloglou: "The Big Escape from Oil is Costing 450 Billion"/

/Text/ The DEI /Public Power Corporation/ is not concerned with the electrification of the country. It is concerned, however, with the cost of producing electricity and how much this cost is burdening more generally the balance of payments of the country.

All the efforts that are included in the wide program of substituting oil with domestic energy sources are aimed in this direction. These are lignite, the waters and peat and under certain conditions, Greek oil.

The weight of this effort has fallen on lignite and the waters. The result is to cover 70% of the electricity produced at the present time by domestic sources. The prospect (that is derived from the energy investments for the next five years) is to surpass 90% of the production of electricity in 1993 with the country's own energy sources. To achieve this, more than 450 billion drachmae will be expended by the end of the 80's.

Fifty percent of the 450 billion will be absorbed from the lignite development projects. and the lignite stations for the production of electricity. And 15% for the development of hydroelectric projects. These projects, that will be completed by 1988, will consist of 6 lignite units with a total established strength of 1,820 megawatts and 10 new hydroelectric units with a total strength of 795 megawatts.

In the same program that started early this year, 12 more hydroelectric projects are included that according to present evaluations will provide a total strength of 100 megawatts. Other forms, known as alternative forms, of energy that DEI is trying to develop are geothermy and aeolian energy. Regarding geothermy, a special program is being developed for research together with DEP /Public Petroleum Corporation/ while the first geothermal unit in Milos with the strength of 2 megawatts will begin operating experimentally in 1985. Of course, the alternative forms will not solve the problem of cost caused by foreign exchange consuming oil and the energy imports. They will participate simply in serving local needs.

The hopes for substituting oil at the present time turn to lignite more than ever. The minister of energy, Mr Ev. Kouloumbis and the manager of DEI, Mr. D. Papaman- tellos believe in the need for the immediate exploitation of the lignite deposits. Indeed, Kouloumbis is virtually fighting in the EEC to secure the financing of the search for lignite that Germany is against in its effort to secure the promo- tion of coal in Europe because it has an interest.

The consequential intensification of the search for lignite and the development of lignite mines comprise the present central targets of DEI that is cooperating with IGME /Institute for Geological and Mineral Research/ in the research area. Well that is how the great importance is justified of the new deposits of 500, 000,000 of lignite in Drama (that TO VIMA revealed) that created serious hopes for the development of a new lignite center in Drama with a station of two units having the strength of 300 megawatts each that will be absorbed from the lignite deposit for 30 years.

But by 1990 new mines will also be created in the lignite bearing basins of Western Macedonia, the southern plain of Ptolemais in Amyntaion, in Komninoi of Western Macedonia and in Kyparissia of the Megalopolis area. These mines will undertake to exploit the 5 billion tons approximately of confirmed lignite reserves that have been located in the following areas:

Orestias: 4 million tons confirmed and 95 million tons probable.

Alexandroupolis: 1 million tons probable.

Drama: 500 million tons confirmed and 500 million tons probable.

Serres - Pangaion: 10.5 million tons confirmed and 100 million tons probable.

Florina: 56 million tons confirmed and 75 million tons probable.

Akhlada, Florina: 40 million tons confirmed and 75 million tons probable.

Vegorai, Amyntaion: 13 million tons confirmed and 30 million tons probable.

Anargyroi, Amyntaion: 484 million tons confirmed and 50 million probable.

Ptolemais: 2,025 million tons confirmed and 100 million tons probable.

Proastion, Ptolemais: 238 million tons confirmed and 200 million tons probable.

Komninoi, Ptolemais: 338 million tons confirmed and 100 million tons probable.

Megalopolis: 535 million tons confirmed and 30 million tons probable.

Filippoi: 4,300 million tons of peat confirmed.

The development of the mines will allow the parallel promotion of the energy units and stations that were referred to above. They are listed below according to the timetable of their projected operation from 1984 to 1987 in the first phase and from 1978 to 1992 is the second phase (together with the hydroelectric ones):

<u>No.</u>	<u>Unit</u>	<u>MW Gross</u>	<u>Estimated Strength</u>	<u>Projected date of inclusion.</u> <u>(Month and year)</u>
1.	Steampower Station of Ag. Dimitrios	No.1	300	Aug 1983 (is operating)
2.	" " "	No.2	300	Feb 1984 "
3.	" " "	No.3	310	Oct 1984
4.	" " of Asomaton	No.1	54	Nov 1984
5.	Hydroelectric Station of Sfikia	No.1	105	Jan 1985
6.	" " of Asomaton	No.2	54	Feb 1985
7.	" " of Sfikia	No.2	105	Apr 1985
8.	Steampower Station of Ag. Dimitrios	No.4	310	Apr 1985
9.	Hydroelectric Station of Giona	No.1,2	12	Jun 1985
10.	" " of Sfikia	No.3	105	Jul 1985
11.	" " of Stratos	No.1	75	Nov 1985
12.	" " "	No.2	75	Feb 1986
13.	Steampower Station of Amyntaion	No.1	300	Jun 1986
14.	" " "	No.2	300	Nov 1986
15.	Hydroelectric Station of Pigai	No.1	105	Apr 1987
16.	" " "	No.2	105	Jul 1987

These units will be added to the ones that are operating at the steampower stations: Ptolemais with a strength of 620 megawatts, Kardias, Ptolemais with 1,200 megawatts, Megalopolis with 550 megawatts.

Therefore, their inclusion in the interconnected energy system of the country will permit the disconnection of the oil stations that will be transformed to lignite stations, if they are not closed. The steampower stations that have units operating with oil (but can function with solid fuels) are established at: Keratsini with a strength of 470 megawatts, Aliveri with 380 megawatts, Lavrio with 450 megawatts. Small amounts of oil are being consumed by the steampower station of Megalopolis that is a lignite station with a strength of 550 megawatts.

Before the complete substitution of oil, the importation of electricity that is done today from the neighboring countries will stop.

ENERGY PROGRAM INVESTMENTS 1983-1987  
(In Millions of Drachmae - 1983 prices)

Project Category	Total Investment	Investment 1983-1987	Substitution Value Drachmae	For. Exchange
Thermoelectric Stations	122,087	64,746	38,992	25,754
Hydroelectric Stations	62,827	40,706	29,629	11,077
Steampower Stations-Crete/Rhodes	11,776	11,776	6,493	5,283
Transportation Projects	44,907	44,907	31,084	13,823
Distribution Projects	45,864	45,864	40,489	5,375
Lignite Mines-Amynt/Ptol.	117,702	84,291	56,163	28,128
Autonomous Stations	5,627	5,627	3,044	2,583
Remaining Projects	11,290	11,290	11,290	
Total		309,207	217,184	92,023

DEI BALANCE OF ENERGY 1981 (IN GWH)			Uses	
Lignite Stations	11,406	Mines 234	5,904	Household
			951	Industrial
			1,842	Commercial
			394	Agricultural
Oil Stations	6,853	DEI Total Production 21,657	463	Other
				Total Sales 20,289 (Incl. Customers 150KV and DEI Lignite Mines)
			3,663	Industrial
			769	Commercial
Hydroelectric Stations	309 Balance of Exchanges and Purchases 3,398	5,737 Industrial Customers Middle Level Sales 4,764	72	Agricultural
			40	ELXI
			220	Other

## Hydroelectric Projects

Athens TO VIMA in Greek 3 Aug 84 p 17

/Text/ A "Link of Cooperation" between DEI /Public Power Corporation/ and the local self government will be established by the 14 small hydroelectric projects that DEI has programmed to construct by 1990. This description is given to the projects because most of them are being planned as multi purpose projects. This means that in addition to the production of electricity, they will be breeding fish in their lakes that eventually will be changed to recreation areas.

The 14 small hydroelectric projects with a strength of 1 MW (megawatt) producing 5.5 GWH (gigantowatthours) to 13 MW producing 50 GWH will be done in the following areas according to the timetable:

Giona: Near Amfissa, a development of the Giona tunnel of the Mornos aqueduct. Strength 8.5 MW. Production 50 GWH. Its equipment has been bid for, while bids will be accepted for the projects in June 1984. The station will operate in mid 1986.

Makrokhori: In the Thessaloniki plain, near the irrigation canal of Aliakmon. Strength 8.5 MW. Production 50 GWH. The equipment will be bid for in December 1984 and the projects in March of the next year.

Stratos P: Outside of Agrinion, at the overflow of the Stratos dam at the Akhe-loos river. Strength 6MW. Production 16.3 GWH. Bids have been received and it is in the approval stage. The station will operate in early 1987.

Smokovo: At the irrigation dam of Smokovo, Thessaloniki. Strength 12 MW. Production 33 GWH. The dam is under construction. The station is estimated to operate in 1988.

Pournari: At the rearranged dam development of the YIE /Hydroelectric Company/ of Pournari, Arakthos. Strength 13 to 26 MW. Production 50 GWH. Bids will be received in 1985 and it will operate in 1989.

Klimatia: At the exit of the Lampsita tunnel that channels the overflow of Ioannina lake to the Kalamas river. Strength 10 MW. Production 41 GWH.

Paliouri: Development of the YIE of Klimatia. Strength 7 MW. Production 28 GWH.

Naousa: At Arapitsa river (sources of Ag. Nikolaos) of Naousa. Strength 11 MW. Production 40 GWH.

Ag. Germanos: At the Stara stream of Mikri Prespa. Strength 1 MW. Production 5.5 GWH.

Vegoritida: At the end of the conduit of Lake Petra-Vegoritida, near the village Ag. Panteleimon. Strength 2.4 MW. Production 4.2 GWH.

Aspropyrgos: On a ramp of Mornos aqueduct near Aspropyrgos. Strength 1 MW. Production 7 GWH.

Pineios, Ileia: At the present irrigation dam of Pineios, Ileia, near the village Kentro. Strength 7 MW. Production 20 GWH.

Alfeios: At the water intake of the irrigation dam of Alfeios near Olympia. Strength 4 MW. Production 18 GWH.

Stymfalia: At the exit of Prathi tunnel that channels the waters of Stymfalia lake to the bed of Asopos river of Korinthia, near the village Galatas. Strength 9.5 MW. Production 30 GWH.

#### Peat, Lignite Deposits

Athens TO VIMA in Greek 4 Aug 84 p 17

/Text/ A large deposit of peat/lignite is being developed in the Filippoi area and IGME /Institute for Geological and Mineral Research/ is making studies already for the best way to exploit it in the future.

The deposit that has been located for some time exceeds 4 billion cubic meters, covers an area of about 50 square kilometers and its depth at the principal point of development reaches 200 meters. The deposit is cut on its south side, (Pangaion) and on its north (Filippoi).

According to the experts, it is a deposit of the "marshy lake type" and similar ones have been discovered in the alpine mediterranean area. Its main characteristics are high percentages of peat and a low content of sulphur.

The research for the exact definition of this deposit is from the lignite plain of Agia Paraskevi, Nerofrakti, Mavrolefki and substantially has begun after the draining of the Filippoi marshes when it was determined that there was peat.

After the lengthy discussions and problem analysis the then IGME and presently IGEY /Geology and Subsoil Research Institute/ or EthIGME was assigned to the deposit research of the area by DEI. That research that ended in 1965, indicated that the area indeed has a colossal deposit of peat/lignite. The continuance of the research that is being conducted now by EthIGME units is coming up with very good results.

Besides it became known that this deposit has some peculiarities that separate it from corresponding deposits in the countries of Northern Europe and America.

The peat deposits there are not very deep (up to 10 meters) and are spread over large areas, with the result that their exploitation for any use does not cause irreparable damages to the environment. The peat deposit in Filippoi is very deep and has a relatively small area.

From time to time, proposals were made for the total exploitation for the production of electricity. In this direction the subject has been researched in depth and reports have been composed, but no government agency has gone as far as exploitation until now. Parallel to the possible exploitation of the peat in Filippoi for the production of electricity, many other uses are being researched, specifically: spa therapy, agriculture and the development of local cultivations, for fuel, for the production of chemical substances, etc.

In all of these uses (except for the production of electricity), there will be no serious repercussions to the environment because there is no need for a great deal of production, consequently small areas of extraction are sufficient or no peat extraction is made at all. In short, the peat deposit in Filippoi, Kavala, Drama, Serrai is a noteworthy energy "reservoir" for our country.

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CSO: 3521/339



# BALTIC COMMISSION'S NEW CHAIRMAN ON ENVIRONMENT TASK AHEAD

Helsinki HELSINGIN SANOMAT in Finnish 24 Aug 84 p 14

[Article by Antti Vahtera: "Baltic Sea Cleaned Up in Many Areas"]

[Text] The Helsinki Commission's new general secretary, Professor Harald Velner of Soviet Estonia, states that he is optimistic about the future of the Baltic Sea. He especially emphasizes the reduction of the toxic content of the Baltic Sea and the purification of the water in many areas.

"The swimming beaches around Tallinn, Pirita and Pelgurand, are completely suitable for use, thanks to Tallinn's new waste water treatment plant. Pelgurand was closed to swimming for a full 30 years."

Also half of the waste water from Leningrad is currently being purified as the result of a vast new treatment plant, stated Velner. Leningrad's treatment plant will be finally completed perhaps in 1988--1990.

The final completion of Tallinn's waste treatment plant is expected in 1986--87. The mechanical and chemical part along with the sewage pipes leading to the sea is completed, the biological section is still under construction.

## Velner Is A Baltic Sea Environmental Protection Veteran

This is Professor Velner's first week as general secretary of the Helsinki or Baltic Sea Commission, a position he occupied after Finnish Professor Aarno Voipio. The general secretary as well as the whole secretariat are permanently located in Helsinki.

Professor Velner is assisted by a scientific secretary and a maritime transport secretary. Terttu Melvasalo of Finland will occupy the previous post from August and Fleming Odsen of Denmark will continue as the maritime transport secretary.

The Helsinki Commission itself, in which each Baltic Sea country has a representative, convenes at least once a year. West German Doctor Peter Ehlers is its current chairman.

Professor Velner has worked on the protection of the Baltic Sea for a long time. He was chairman of the Soviet delegation to the so-called Gulf of Finland Committee in the years 1968--84. This joint Finnish-Soviet committee began its operations before the adoption of the actual Baltic Sea Protection Treaty in 1974 and was the first international and intergovernmental organization for cooperation in the Baltic Sea Area.

"Even though the Baltic Sea is becoming cleaner, some problems continue to be a source of considerable concern for environmental officials. One of the worst is the eutrophication of several coastal areas, which is, to a great degree, the result of nitrogen and phosphorus emissions from agriculture and population centers," states General Secretary Velner.

"Wood processing plants are also a major problem. Biological treatment is expensive, and, therefore, it is important to change the manufacturing process itself. However, the renovation of old plants is somehow impossible."

#### Commission Can Only Recommend

Professor Velner emphasizes that the Baltic Sea Commission does not have any kind of international policing authority. It presents recommendations, which can only be executed at the will of each individual state. However, practice has demonstrated that the recommendations are usually carried out.

The waste emissions from the Vuorikemia Plants, which have significantly polluted the coastal area of Pori, are among the group of difficult questions of national importance. The solution to the problem belongs, naturally, to the realm of Finland's officials, but the Baltic Sea Commission can exert pressure on them by various means.

The Baltic Sea Commission has presented Finland with an inquiry on Vuorikemia's wastes, for which an answer will be provided by the Environmental Ministry by the end of this year.

Professor Velner's term will, to a great degree, be spent on travelling. In the middle of September he will embark on a visit of all the Baltic Sea countries, Denmark being the first on his itinerary. During this trip he will conduct high-level negotiations with officials of the Baltic Sea countries, the goal being the promotion of their work on behalf of protecting the Baltic Sea.

Professor Velner will soon meet with Environmental Minister Matti Ahde, who according to him has demonstrated great interest in the environmental protection problems of the Baltic Sea.

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CSO: 3617/215

## MINISTRY TO CARRY OUT WIDE-RANGING ACID RAIN STUDY

Helsinki HELSINGIN SANOMAT in Finnish 22 Aug 84 p 10

[Article: "Environmental Ministry Will Begin Study on Acidification"]

[Text] The Environmental Ministry will begin an extensive acidification study next year. The State Council made a decision in April on the approximately 37-million markka project, which will conclude at the end of this decade.

According to Lauri Tarasti, chief secretary of the Environmental Ministry, 150,000 markkaa were allocated for the planning phase in this year's second supplementary budget already in order to accelerate the research project. The Ministry of Agriculture and Forestry will also play a central role in this research study.

An attempt will be made to prevent the detrimental impact of acidification in the future in the most effective manner possible and at a reasonable cost on the basis of data to be accumulated in the study.

According to Pekka Kauppi, chief of the research project and licenciate in forestry and agriculture, sulfur and nitrogen emissions acidify the environment. The direct effects of sulfur dioxide on the condition of standing timber have already been observed in the capital city area and many small lakes in various parts of Southern Finland have become acidified.

The State Council made a decision in principle last year on reducing sulfur emissions in Finland by 30 percent before the year 1993. This policy has subsequently gained extensive support, and to date 15 European countries have announced similar decisions.

In May the Environmental Ministry established a management group for the research project, which includes several ministries and research institutes.

According to Office Chief Alec Estlander, sulfur and nitrogen emissions can be reduced by reducing the content of sulfur and nitrogen from fuels and coal. Another possibility is to change the combustion process of these substances by reducing the temperature, for example. A third possibility is to purify the combustion gases.

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END